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STRATEGIC MANAGEMENT OF BUSINESS ORGANIZATIONS

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Strategic Management of Business Organizations

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1. Introduction to strategic management of business organization

Any organization working in the market conditions is affected by many external factors, which usually negatively affects its performance. Faced with high and unacceptable products or services, the existing competition, the possible theft, unprotected commodity shortages and a variety of other factors influencing the organization's existence are able to determine their own destiny. But no less important is the organization's internal situation, which plays a crucial role in the financial and material resources, a lack of or poor quality can in any way affect the status of the organization, as well as the important role played by the people working there. Due to market conditions, the organization can succeed only when the owner and all the people working there are able to objectively evaluate these external and internal conditions, predict the future, shape the intentions of their actions and the actions themselves and constantly monitor the situation. Only a well-designed strategy for ensuring a successful way to market targets, the ability to quickly adapt to changes in the environment guarantee the success of the organization.

Today, there is no doubt that a good performance achieves continuous improvement in only those organizations, where every employee gives his best achievement priority to corporate goals and business strategy. Lithuanian leaders of many organizations already understand the importance of long-term strategic management of their company's success. A number of organizations' leaders have shared experiences of successful strategic planning processes, timely uncovered significant problems and risks and helped to bring together the efforts of all departments of the company focused on business development function. On the other hand, in Lithuania, there are still a number of organizations, in which business planning is limited to annual budgeting and which have a clear business strategy (or not), it exists only in the minds of a few top managers.

Strategy, in the most general terms, is an action plan to achieve those objectives. Strategic planning and operation in accordance with the plans is a relatively new management process, which began to take shape after the Second World War. Strategic management is an ongoing, dynamic and sequential process, by which organization adapts in time to the external environment changes and effectively utilizes its existing potential (Vasiliauskas, 2004). Strategic management includes long-term business goals and ways to achieve them setting a scheduled process, control and adjustment (Pranulis, 2000). According to Mintzberg (1991), strategy can be understood as a concept and as a process.

The main goal of each organization is to make profits and increase its value in the market and to expand it, and this can be achieved in two verified forms: increasing or decreasing the turnover of the organization. Each version of the implementation of the organization can choose a number of different ways that will be most acceptable to it. Increasing profits of organizations may introduce new products or services to the market or marketing promotions of existing products or the use of more and more of their sales held by customers, finding new customers or competitors in the conquest of markets, greater specialization in one area of activity, or a combination of several business branches, gradually expanding own sales network or just acquiring all competing company, etc. To reduce the costs to the organization usually helps the discovery of cheaper raw material suppliers, the refusal to unnecessary manufacturing operations or inefficient work methods, defect and error reduction, improving staff training and upgrading production facilities.

Strategy is defined as organization's goals and objectives, and major plans to be achieved in order to clearly define the position what activities are currently engaged in the organization or what it should do. The strategy is seen as a common thread linking the activities of the organization and its markets, as defined by certain rules, which are accepted by management in assessing the following four key components:

1. Products and markets in which they are intended;
2. Planned changes in this component;
3. Competitive advantage or the organizational characteristics to gain a strong position in the market;
4. Operational synergies.

The strategy is an essential tool that enables an organization to cope with environmental changes. If considering changes facing organizations today, which are accelerating and more complex, strategic planning becomes increasingly necessary and important in order to not only survive, but also to develop and grow. Thus, the organization's strategy is staged mostly due to the poor or the current situation and prospects for the operating conditions of uncertainty.

Strategy is a detailed, comprehensive plan designed to help implement organization's mission and its objectives. The strategy should be developed to the highest level and to define the main objectives of the company and the mission must be fully aware of. The strategy must be included in all levels of management. There are three distinct stages of strategic management, which are interwoven with each other, and associated directly and through feedbacks.

Because each organization is unique, the strategy needs to be more unique, too. The strategy has to be developed simple and straightforward, otherwise it will be difficult to implement. The company's strategy is described as an essential part of the company's development direction, as its basis, which organizes daily activities of the company. Strategic directions are detailed for specific periods of time, as each organization has to develop its own strategy for the future.

Strategy as a concept can be described in five words - plan and "trick" the model of the position and perspective (Mintzberg, Ahlstrand and Lampele, 2010). The strategy also includes features, such as how the plan is set up before the start of operations and development, and discusses it with clear objectives. Desired and perceived strategy can often differ from the real one, which can be reached and implemented. The strategy reflects the organization as a place in the external environment, or in other words, the market competitors. The strategy allows the prospect to evaluate further the company's position. Each of these strategy's concepts sees different priorities, but they are closely related.

The most common strategy is not an imaginary one, but as a compound of several definitions. Strategy involves circumstances, aspirations, opportunities and action combination. The strategy can also be understood as a concept and a process. In their approach to business strategy as a system, Mintzberg, Lampele and Ahlstrand (2010) stated that there is a big difference between the imaginary strategy and practical implementation of the strategy. According to Mintzberg, Lampele and Ahlstrand (2010), strategy is more a result of what people do, not what they plan to do. Jucevičius (2000) explained how to plan a strategy and a perspective, but he claimed that it also focuses on solutions that are strategy elements. Jucevičius (2000) provided a comprehensive and detailed description of the strategy, which includes the company's mission, goals and challenges. Porter (2008) explained the organization's strategy as a competitive weapon, so, in the strategy analysis, Porter (2008) used the term "competitive strategy". According to Porter (2008), this is the essence of formulating competitive strategy of the organization's adaptation to the environment.

Mintzberg (2009) and Hofer and Schendel (1978) understand the concept of policy-making as a strategic problem-solving process. They adhere to the logic of strategic planning, which is based on a thorough analysis of and response to the environment behavior. According to these authors, the model of the strategy implementation process is separated from the policy-making process because of quite a different nature of these processes. According to the authors, the isolation process allows the formulation of a strategy to revise and reject useless goals.

Other authors (Grant, 2008) describe a strategy in accordance with its intended purpose. Strategy is an understanding of the activities and what resources to apply and how to apply them, in order to take advantage of opportunities and minimize the risks arising or likely to arise on the road, reaching the desired result. Strategy means to be in the right place at the right time with the right resources to be able to take advantage of the opportunities existing at the time (Veberienė, 2010).

In spite of the different strategy profiles, many scientists focus on four common elements:

- environment with its positive and negative aspects;
- key performance targets, which is the highest level of mission statement;
- analysis of the situation;
- arrangements for the use of available resources.

The idea that an organization has a strategy lies at the centre of much management thinking (Wickham, 2006, p. 349). A strategy can be defined, broadly, as the actions an organization takes to pursue its business objectives. Strategy drives performance, and an effective strategy results in a good performance. An organization's strategy is multifaceted. It can be viewed from a number of directions, depending on which aspects of its actions are of interest (Wickham, 2006, p. 349).

In Ancient Greece, the word ‚strategia' meant the art of military command. Indeed, the term was used in a military context for centuries before it spread to other areas of the language (Schwenker, Spermann, 2009).

Strategy-based thinking has a number of typical characteristics that come to the fore regardless of the specific context in which it is applied. Thus, it usually sets out a concrete goal, e.g., to defeat the enemy, win over customers, make a breakthrough or achieve a transformation (Schwenker, Spermann, 2009). The strategy then answers the question of how best to reach that goal – what steps and actions the firm should take and how it should react to incidental factors or actions taken by other players, including the firm's „opponents" (Schwenker, Spermann, 2009).

Schwenker and Spermann (2009) highlight these characteristics of strategic management:

- The strategy is a contingency plan that outlines what approach the firm should follow in different situations, i.e. in response to changes in the environment or action taken by other people. It is not a single strategic „move", but a series of sequences and actions.
- The strategy indicates the provisional approach that the firm will follow depending on the particular situation, without going into full details. It has to be fine-tuned before it is actually implemented.
- The strategy is based on an analysis of the situation, the environment and possible impacts on the firm. It offers a differentiated perspective, allowing for complexity and uncertainties.

As the term strategy can refer to both strategic plans and to actually realized strategies, therefore, first, there is a need to distinguish between intended strategies and realized strategies (Grunig, Kuhn, 2008, p. 7). In practice, it is rarely possible to realize intended strategies completely, and so the realized strategies normally diverge to a greater or lesser extent from the intended strategies (Grunig, Kuhn, 2008, p. 7). Additionally, in some cases, companies do not have any specified intended strategy: the realized strategy is thus the product of many different decisions taken individually (Grunig, Kuhn, 2008, p. 7). This case is referred to as an emerged strategy (Mintzberg, 1994, p. 23).

A basic distinction exists among the content of a business strategy, the strategy process that the business adopts to maintain that strategy, and the environmental context within which the strategy must be made to work (Wickham, 2006, p. 349).

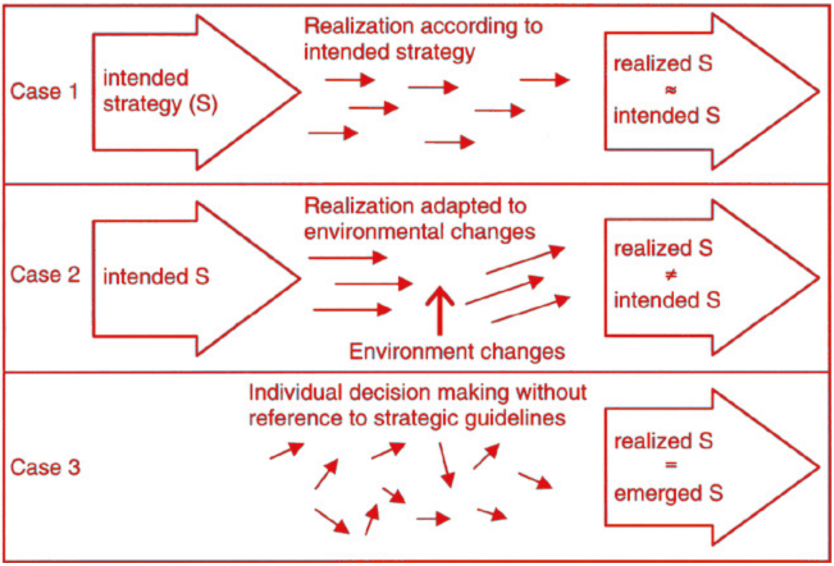

Figure 1. Intended and realized strategies (adapted from Mintzberg, 1994, p 24)

The strategy content relates to what the business actually does, whereas the strategy process relates to the way the business decides what it is going to do. The strategy content has three distinct decision areas: the products to be offered, the markets to be targeted and the approach taken to competing (Wickham, 2006, p. 349).

Figure 2. Common element in successful strategies

Grant (2008, p. 7) defines these characteristics of strategy that are conducive to success:

1. Goals that are simple, consistent, and long-term. All three individuals displayed a single-minded commitment to a clearly recognized goal that was pursued steadfastly over a substantial part of their lifetime.
2. Profound understanding of the competitive environment. All three individuals designed their strategies around a deep and insightful appreciation of the arena in which they were competing.
3. Effective implementation. Without effective implementation, the best-laid strategies are of little use.

A strategic business is a three dimensional construct, which identifies a particular market, specific market offers and specific resources (Grunig, Kuhn, 2008, p. 123).

Market offer is to be understood in a wide sense, including not only the central products and services, but complementary services, price conditions, etc. (Grunig, Kuhn, 2008, p. 123). It is important to understand that when identifying strategic businesses, it is not only differences in the basic products or services that must be taken into account, but also differentiated use of other elements of the marketing mix (Grunig, Kuhn, 2008, p. 123). The definition of businesses must be based on markets, market offers and resources, whereas company structure is often based on quite different criteria, such as different tasks (Grunig, Kuhn, 2008, p. 123).

Improving the effectiveness of the organization‘s activities is the most important factor, which is expected in strategic management. It is a significant focus of strategic management – members of the organization to change provisions in favor of the formulation of strategy planning and realization of the process at different levels and different managers, to help them much better understand each other, to harmonize approaches to the organization and its development priorities (Veberienė, 2010). Various scholars are in agreement that there is no single best model of strategic management. It has to be designed according to the specific conditions (Koteen, 1991).

According to Vasiliauskas (2004), in order to understand the strategic management, one should look at it as a cycle consisting of four management functions: planning, organizing, directing and controling. All of these functions are characterized by a clear focus on the goal. They are carried out not only one after the other, but they are also closely interrelated. Thus, it will be done in one of the features that belong to other‘s efficiency and the final result.

In the scientific literature, Mintzberg, Lampele and Ahlstrand (2010) distinguish three stages of strategic management – a strategic analysis, strategy development and strategy implementation. One of the main elements of strategic management is a strategic analysis. Based on the strategic analysis of the organization associated with the external micro environment and macro environment, there are prevailing threats and opportunities. In this case, it is believed that the organization‘s success depends on whether it is able to detect the opportunities and successfully use them to its benefit and to see and avoid the threats that can even derail the organization.

Another very important step is the strategic management strategy, which includes the organization‘s strategy for the target orientation, definition of strategic alternatives for the preparation of solutions, evaluation and final selection of strategic decisions.

After the development phase of the organization‘s strategy, the next stage of the strategy is implementation, which includes the tasks of preparing the actors, resource allocation and budget planning, accounting and controling procedures.

Jucevičius (1998) assigns the elements of strategic management and organizational structure. He indicates that the organizational structure is not only the composition of the organization with its hierarchical structure, powers and responsibilities of the structure, but all the systems, personnel, procedures and processes. The whole management of the organization is named a potential, which within the organization‘s management process integrates resources into surrounding facilities of the organization to achieve its goals.

Strategic management process in detail depicts two different models of strategic prescriptive and emergence. Models of strategic prescriptive include process elements of environmental analysis, resource analysis, vision, mission and objectives, alternatives, decision selection, strategic trajectory analysis, structural analysis and management strategy. Emergence pattern is presented in detail below, and it includes environmental analysis, resource analysis, vision, mission and objectives, as well as the development and implementation. These two methodologies are generally aligned with each other, each of them can be taken as a basis and added to the other elements.

Strategy is also a hierarchical concept – it takes place at three different levels: corporate, business and functional. These levels correspond with the activities of managers in different parts of the organization.

Corporate strategy is the set of explicit or implicit decision rules that determines what business(es) a firm will be or will not be in, and how it will allocate resources among them.

Business strategy also shows how a firm develops and sustains a competitive advantage within an industry.

Functional strategy is the set of decisions made in marketing, operations, finance, research and development, and human resources that support the business strategy.

Corporate strategy, typically located at headquarters, determines which industries the firm will compete in and which ones it will exit, e.g., Sears chose to enter the insurance business when it acquired Allstate, and Coca-Cola chose to exit the movie business when it divested Columbia Pictures. It could be noticed how this set of decisions corresponds with the first of Porter‘s two questions, i.e., why is one industry more attractive than another (and, by implication, in which industry should we invest)?

Corporate strategy also has to do with how the corporation allocates both financial and human resources among its various businesses. Thus, given a collection of businesses, the question arises which ones should generate cash to fund the growth prospects of another and which executives, scientists, etc., should be assigned to run certain businesses? In addition, analytical techniques for corporate strategy will be introduced in Part III.

Business strategy, typically located at the business unit or division level, determines how a company will compete within a given industry. In other words, given the corporate strategy decision to enter an industry, how does the firm gain and sustain a competitive advantage? It could be noticed how this set of decisions corresponds with the second of Porter‘s two questions, i.e., how does the firm position itself in a way that it outperforms its rivals? Business strategy decisions are usually the responsibility of the division general manager in diversified firms or the chief executive in single business corporations. Also, as depicted in the *Astral Records* case, it involves coordinating a number of decisions in the functional areas.

Functional strategies are typically the responsibility of the heads (often vice presidents) of various functions within a product division or business unit. So, while the marketing people make pricing, product, promotion and distribution decisions (the „four Ps" of the marketing mix), and operation people are making decisions about facilities, capacity, inventories and work flow, financial people are managing debt, receivables, equity issues, etc., research people are determining the balance between basic and applied research, and human resources executives are deciding on recruitment, payment and promotion policies.

The challenge, as it will be seen, is to weave all these decisions into a coherent whole in a way that creates competitive advantage. But in order to do the weaving, one must first understand the details of the unit's business strategy.

Strategic management benefits, as well as any other activities of the organization, can be measured by the increase in performance, higher value-added creation of competitive advantage. Of course, a good strategy design itself does not guarantee good results. Strategic management of complex process must be included in a lot of different levels of employees, which allows a team to achieve good results of cooperation and a better understanding of unity and working for common goals. The benefits of strategic management can be separated into the following ones:

- The ability to detect problems before they are pronounced;
- The ability to effectively change the scope or re-position a current one;
- An objective approach to the problems of the formation of the organization;
- Performance improvement strategies and techniques;
- Internal and external processes of minimization of a negative impact;
- Different levels of management and coordination of activities of the subsystems to the long-term goals;
- Internal communication system;
- Creative and future-oriented thinking formation;
- Combination of the above mentioned steps in the system that allows gaining a competitive advantage.

All these phases of strategic management have to scroll each strategically managed organization. The first stage is very important, which should include a detailed analysis of the environment and the resources available, which will be one of the main sections of this paper. Policy-making stage will be presented in more detail in the marketing strategy and its implementation procedures and controls will be further discussed in the final section of this paper. Specific recommendations regarding the organizations in the proposed strategy will also be presented.

2. Strategic analysis of the external environment

Strategic analysis of the organization's established exclusive competence includes its competitive advantages and competitive disadvantages areas (Auruskevičienė, 1999). Strategic analysis of an organization is linked to the micro environment and the macro environment and the possibilities contained therein as well as threats. Organization success depends on whether it is able to detect the opportunities and use them accordingly. In addition, for the organization it is also important to note the arising threats or results from unexpected threats and do that as soon as possible and less at a loss to avoid. To meet these challenges, it is needed to perform an external and internal environmental analysis.

Strategic process of an organization is an important link in the external environment for strategic analysis. The organization's external environment can be dealt with in narrow and broad senses. In a broad sense, it can be said that the organization's environment includes all external objects. In a narrow sense, the external environment consists of external objects, which are strongly influenced by the organization and its performance. It is advisable to analyse the external environment carefully and thoroughly. It is possible to determine which factors are going to what direction and at what speed they are changing. The organization must examine its own strengths and weaknesses and identify barriers that hinder good relations and environmental organizations, and the organization has to remove them responsibly. All possible solutions should be reviewed and revised in order to choose the best strategy to meet organization's expectations.

External factors analysis is focused on the future and involves the external factors that are independent of the organization. Organization of the external environment, the one that has a set of factors that are outside the organization, e.g., country's economic, social and political trends, technological capabilities and competitiveness, could in some way influence its activities to achieve its goals (Jucevičius, 2000). In turn, the goal of external environment's strategic analysis is to identify these factors and their potential impact on the organization.

Trade relations and investment liberalization conditions, evolving technology, the rapid pace of change and the processes of globalization have expanded consumer choice, and competition has intensified. The dynamic business environment of today's life has become a constant phenomenon. Companies are forced to simultaneously reduce costs, increase efficiency and the quality level of innovation.

In particular, increasing competition raises the question how to retain existing profitable customers, and then, how to get in touch with the new ones. The changing nature of customers and their needs and an increasing number of trading companies provide a high degree of competition by marketing companies operating area and interaction with consumers.

Competition is the driving force that causes changes in the search for effective solutions to the cause. Thus, it is important to know how to fight. In order to become an essential part of the non-market and profit to maximize the benefits, companies have different strategies: some pay more attention to the price of others, some pay more attention to the quality, and a user is left to choose. Marketing strategy helps the company to determine whether the business is possible in a competitive environment. Jucevičius (1996) believes that company's marketing strategy formation does not occur in a vacuum, but is influenced by the macro environment – uncontrollable environmental factors, and micro environment – the whole external forces, which are related to the company's will to achieve its goals. It can have an impact on the company's internal structure, culture, personnel, production and financial opportunities. All the factors are studied as a whole opportunity to improve competitiveness. To create a marketing strategy to work effectively, it is necessary to analyse in detail the internal and external marketing environments, assessing the external and internal environments of the participants. Marketing effectiveness depends on many factors, especially from the main centers of influence that determine the success, i.e., from within the organization, customers, competitors and suppliers.

Market economy enterprises are facing competition, escalating a growing number of participants, which is determined by the growth. Competition is accelerating the growth of its inherent processes: in the forms and methods of renewal, a growing number of new technologies and products seek new outlets. It is, therefore, not surprising that one of the major contemporary theoretical research facilities is corporate competition, competitive advantage and business strategy. There are always a moment when there is a need for the company to create competitive conditions and to become different.

In order to succeed, business organization must be able to constantly take into account the changing environment. It must anticipate the impact of external factors and take the position that the favourable opportunities acquire an advantage and avoid the hazards associated with environmental change. To assess possible changes in the external environment and their impact on the organization becomes a real advantage, as drawn up by a number of acceptable solutions, and reject what does not meet its full potential. External factors analysis helps body to achieve active rather than passive management mode. Active managers are thinking about the future and plan events, looking for windows of opportunity and a favourable situation for the organization. Active managers recognize the threats before another organization and are able to begin operations against them, even before the onset of the crisis. So, these organizations are efficient, effective and successful.

Porter (2008) proposes to distinguish between two organizational external environment levels: macro and micro environments. Macro environment includes factors and forces that affect all sectors of economic entities. Macro environment depends on the political, legal, economic, socio-cultural and technological factors. Micro environment includes factors and forces that are specific to a particular sector of the economy, in which the organization operates. Micro environment owns competitors, suppliers, customers and other market factors and components.

Many external factors influence company's direction and choice. These factors constitute the external environment. The external environment should be examined at three levels: macro environment, industry environment and organization's environment.

Porter's Five Forces model and its application

Organization's operating branches start in the environmental analysis of the key forces that operate in the organization. Porter suggested Five Forces model applied in this analysis. This is one of the main marketing analysis tools, used in the external environment.

The market-based view uses the following line of reasoning (Grunig, Kuhn, 2008, p. 142):

- Market structures have a strong influence on the abilities of companies to act and on the chances of success from these actions.
- Success depends on the competitive behavior adopted by a company. However, companies or businesses are not free in the choice of their actions, but more or less constrained by the structural framework.
- The success of a company or business is, therefore, dependent on both market structure and competitive behavior. The relative importance of the two factors depends on the industry.

The Five Forces model is used to obtain a broad view of the structure of an industry and, based on this, to forecast the expected level of competitive intensity (Grunig, Kuhn, 2008, p. 141). The current and future values are collected for five features, which Porter identified as central determinants of competitive intensity (Grunig, Kuhn, 2008, p. 142). In relatively uniform competitive situations, it happens in industries, where the competitors are all of approximately the same size and offer comparable products. This broad view already enables a judgment as to whether the market is attractive enough to justify the investment required to build up or defend a market position (Grunig, Kuhn, 2008, p. 142).

Today, these so-called *five forces* are a standard tool in strategic management (Schwenker and Spremann, 2009, p. 93). They are used to make prediction about a company's future market position.

Porter argues that companies should try to differentiate themselves from other players in the market. It is this differentiation that prevents the market from moving toward perfect competition. It helps preserve some degree of monopolistic competition and allows firms a certain amount of room for maneuver, particularly over price.

Supplier bargaining power analysis helps to identify the main directions of further development of relations with suppliers. The greatest bargaining power suppliers have to identify when there are no alternative suppliers or when they are limited. It is also important to evaluate how the organization parts with the total costs of the supplier price or that the supplier is a major supplier of direct competitors.

It can be said that customer bargaining power with the organization directly depends on a number of customers. The organization‘s position is weaker than that of the customers. Also, in undifferentiated products or services, the customer can easily switch to a competitor worsening their production.

Substitutes are always a threat, but in different situations there are possible effects of different organizations. Sometimes substitutes can make products entirely unnecessary, sometimes they can just fill a niche. In any case, the organization is an additional competition. In order to reduce the threat of substitutes, the following issues need to be analysed: product obsolescence threat to switch clients to buy replacements, the potential profit organization level decline on the threat of substitutes (Vasiliauskas, 2004).

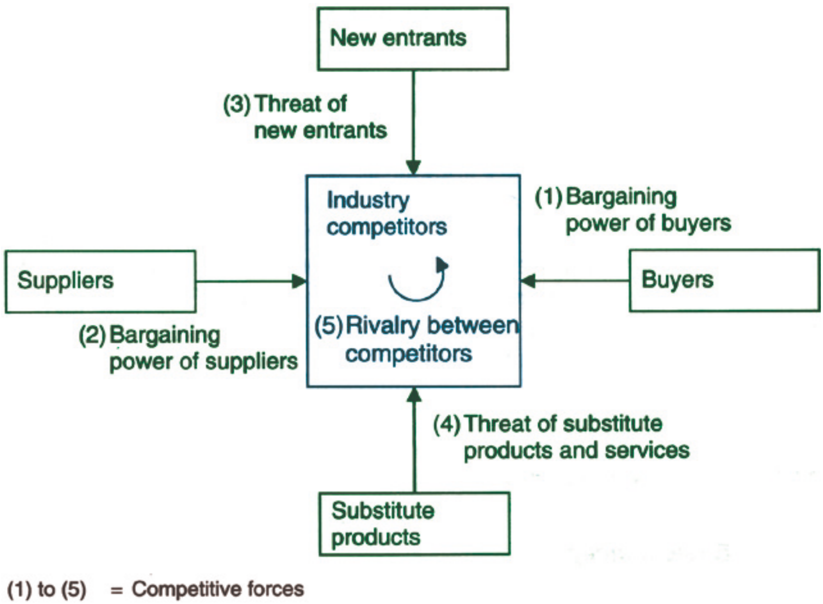

Figure 3. Porter's Five Forces Model (Adapted from Porter, 1980, p. 4)

The threat of new competitors arises if the market situation is attractive due to its rate of return and in which there is no restriction or control of new companies setting. In order to assess the possibilities for the emergence of new competitors, the market and the entrance into the barriers, such as economies of scale (because small quantities will not be economically viable) and capital investment requirements, need to be analysed.

State agencies also still have a significant impact on competition. In the electronic communications sector, the Communications Regulatory Authority is a public body that regulates the market and ensures competition.

The essence of the model is the competitive environment, in which are not only and often direct competitors, but also the players in the market, which, at first glance, shows that the competition does not have anything in common. The most pressing is the competition between organizations offering the same or similar product (service), which is the indirect competitors. Direct competitors influence the nature and intensity of competition and are sufficiently clear. Potential competitors and possible substitutes on the overall competitive situation are more manifested through their potential impact and poses a threat to the company it should take. Buyers and suppliers on competitive persistence among direct competitors get through their negotiating pressure on individual competitors.

Sellers competitors pressure is expressed through the following:

- the importance and uniqueness of the supplier to customers;
- product differentiation;
- concentration of distribution channels;
- specific obligations;
- resource deficit.

The buyer gets the pressure of competing firms alike. Crucial to the demand is the supply level, a particular buyer or a group of the importance of the seller and price structure options. It is important to find out that the buyers impact the organization‘s ability and influence. Substitutes influence the competitive environment, which is expressed through different product offering to customers in the hope that these products can be replaced with other organizations products. Clamping force is usually expressed through the product features and price comparison. It is important to monitor the organizations that are able to enter into the competitive market, as well as to analyse the consequences of such action.

Two main types of use predominate, which are the following ones (Grunig, Kuhn, 2008, p. 145):

- Predicting the development of the margin in important existing business fields, where there are signs that competitiveness is increasing;
- Assessing the attractiveness of a target industry for the potential creation of a new strategic business. In cases where the new business is

envisaged as an acquisition or where there is little existing knowledge of the industry in the company, the Five Forces model, with its limited requirement for information, allows a robust assessment of market attractiveness.

Using the Five Forces model to carry out a structural analysis requires the following three steps (Grunig, Kuhn, 2008, p. 146):

- Definition of the industry to be analyzed;
- Description of the current competitive situation;
- Prediction of the development of the competitive forces and the changes this will bring in competitive intensity, and thus, in profit margin.

The abovementioned statements assume that it is previously determined which industries will be subject to the analysis (Grunig, Kuhn, 2008, p. 146). Internal industry analysis is based on the following line of reasoning (Grunig, Kuhn, 2008, p. 154):

- In most industries, the competitors can be allocated to strategic groups based on similarities in their competitive position.
- The differing competitive positions are not all equally attractive, but the groups with strong positions are protected against the potential entry of other competitors to their groups by mobility or entry barriers.
- Differences in profitability within an industry can be explained partly in terms of the existence of these strategic groups, in which the competitive positions of the attractive groups are protected.

PEST analysis

PEST analysis is the most widely used analytical technique to investigate the macro environment of the organization. This analysis covers four macro environmental aspects:

1. Legal political factor – an organization of legal activity, which defines the organization‘s supervision and regulation. All the organizations directly or indirectly affect the individual rights and laws that define the operating conditions, taxes and labor relations. The electronic communications sector is a particularly important political factor, which is the regulation of the market by the govermental structures.

2. The economic factor – the factor analysis, where the attention is drawn to the following: growth in gross domestic product, the organization‘s

decisions cannot be the same in both good economic times and bad economic times. Important indicators are also inflation, unemployment, interest rates, exchange rate fluctuations, investment climate, consumption.

3. Socio-cultural factor – the biggest factor in this analysis must focus on the end-use change in the population, i.e., end-capita consumption decrease/increase in turn increases or decreases the production output destination and service outlets for their producers (Vasiliauskas, 2004). Change can be for a variety of reasons: population count, decline in the living conditions of the exchange. Also, the analysis of this factor should be taken into account when dealing with environmental issues, education, culture and health.

4. The technological factor – perhaps the most important factor in this technological age. New technologies and innovation create new opportunities for businesses, they, in turn, create new business markets. Technology is an important factor for organizations to maintain competitive advantages in the long-term. One must pay particular attention to those firms, which are directly related to technology, because they are both technology users and technology, and the makers of other undertakings.

Common macro environment consists of economic, social, political, technological and ecological factors, which are often called PEST analysis.

There are also economic factors, both domestic and international to a country‘s economy, in which the organization operates, and the direction of evolution. Therefore, it is important for every organization to access to economic projects or projections. Especially important for an organization is to know the economic factors within its target market even before these factors are directly affected by it.

Social factors are dynamic, changing demand for specific products depending on demographic factors, general beliefs, values and downs, taste and lifestyle changes. Population change affects the use of consumer goods and the import volume and structure. What is important is the education field, not least due to the fact that all the organizations gain their success of the overall education level of residents.

Political factors define the limits of regulatory organizations and justify the legal foundations. Government policy, regulatory, legislative developments, changes in political philosophy can translate and transform the organization to verify the strategic plans. Usually, the government, as the macro environment factor, performs three functions: suppliers, customers and competitors. The government as a provider determines how the private sector benefits of natural resources and the national agricultural stocks. The government as a buyer can demand products and services to create, maintain, increase or eliminate the favorable market opportunities. Finally, the state may be almost indispensable for competitors. An important aspect of the regulation is the legal aspect. International, national and local regulatory standards are aimed at creating an environment to develop an effective and fair competition. In organizations, the individual acts and entire law on joint organization operating conditions, taxes and labor relations are affected directly and indirectly. It is important to assess the potential of these rates changes, the country‘s integration into the European Union and other international institutions.

Technological factors play an important role in the world because of a technical revolution in the process. Emerging technical processes are changing the nature of the organization‘s activities and goals. Technological breakthroughs can create new markets, new production, marketing techniques and new products. The implementation of technological innovation is important to determine when it will be done and how much it will cost, in addition to the calculated costs need to be compared with the losses incurred by the organization, so they cannot compete in the market. Kvedaravičius and Lodienė (2002) suggest that for organizations collecting information about the existence of new technologies, it is very important for technological forecasting. This is conducive to the future and anticipating the potential impact of the economic branch of the same organization and identification process.

Summarizing the factors described above, it can be said that the trading company is the most important economic and social factor, such as the impact of the consumer‘s decision to buy is the largest. Having the macro environment, an organization must analyse in detail the industry environment. It connects the whole branch organizations that produce similar products or provide similar services, which are closely related to those products or services, as well as supply and distribution systems.

Organization leaders must continually analyse and evaluate the industry environment, accurately determine the organization‘s competitive position and provide means for the economic situation to improve the branch.

Competitor analysis

Any organization seeking to operate as efficiently as possible must know more about their competitors. By analyzing the competitors, their activities and marketing strategies, the organization sets its own advantages and disadvantages. Kotler (2003) proposed the following competitor analysis model:

1. Company's competitors setting. In determining the organization's competitors, the best competitors analyze the industry and the market, highlighting the product and market segments.

2. Defining competitors. It is the main aim of otganization. Also, it is important to known the objectives set by the competitors. The organization needs to know how important the competitor is in its profits, market share growth, technological leadership, service, etc.

3. Strategies for competitors. Competition increases with a closer corporate strategy. Therefore, it is useful to divide the competitors into groups that carry out different strategies, i.e., dividing them into strategic groups. Dividing the competition may prove that some companies are not large competitors.

4. Competitor assessing strengths and weaknesses. It is necessary to identify strengths and weaknesses of competitors. In order to identify the most efficient competitors, an organization needs to collect performance data of several years and identify their strategies. Finding weaknesses of competitor, an organization must identify inefficient competitors' assumptions about the business.

5. Competitor of countermeasure evaluation. The company's objectives, strategies, strengths and weaknesses are determined by the actions or reactions to counter the actions of competitors. It is needed to outsmart competitors and possible action or response in the market.

6. Deciding which competitors to attack and which to avoid. When selecting a group of strategic competitors, there is a need to decide which competitors fight. When targeting a weak benefit of many competitors, it is useful to carry out an analysis of the value of the user, helping to determine how consumers evaluate the benefits offered by the product and how they compare to the benefits of the benefits of competing products.

Following an analysis of competitors, an organization needs to choose competitive positions, which it will take in the near future. Porter identified four basic competitive strategies:

1. General cost leader – an organization reaching low cost of the product or service can offer a lower price.
2. Differentiation – applying to a class of products, it is necessary to focus on unique product lines and marketing tools.
3. Concentration – the concentration of authority in several market segments, not the entire market.

According to Porter, the organization that accurately implements the chosen strategy wins. The organization, which has no clear strategy, sooner or later has to face difficulties.

In highly concentrated industries, the key characteristics of a company's external environment are determined by the behavior of a few rivals – possibly a single firm (Grant, 2008, p. 107). Competitive intelligence involves the systematic collection and analysis of public information about rivals for informing decision making. It has three main purposes:

- To forecast competitors' future strategies and decisions;
- To predict competitors' likely reactions to firm's strategic initiatives;
- To determine how competitors' behavior can be influenced to make it more favorable.

A framework for predicting competitor behavior

Competitive intelligence is not simply about collecting information. The problem is likely to be too much rather than too little information (Grant, 2008, p. 107). The key is a systematic approach that makes clear what information is required and for what purposes it will be used. The objective is to *understand* one's rival (Grant, 2008, p. 107).

Porter proposes a four-part framework for predicting competitor behavior (see Figure 4) (Grant, 2008, p. 108):

1. Competitor's current strategy. To predict how a rival will behave in the future, one must understand how that rival is competing at present. A company's strategy may be identified on the basis of what it says and what it does. Thus, in building a picture of a company's strategy, the key is to link the content of top management communication (with investors, media and

financial analysts) with the evidence of strategic actions, particularly those that involve commitment of resources. For both sources of information, companies' websites are invaluable.

2. Competitor's objectives. To forecast how a competitor might change its strategy, one must identify its goals. A key issue is whether a company is driven by financial goals or market goals. A company, which primary goal is attaining market share, is likely to be much more aggressive as a competitor than one that is mainly interested in profitability.

3. Competitor's assumptions about the industry. Competitor's strategic decisions are conditioned by its perceptions of itself and the outside world. The perceptions are guided by its assumptions concerning the industry and business in general. Both are likely to reflect the beliefs that senior managers hold about their industry and the success factors within it.

4. Competitor's resources and capabilities. Evaluating the likelihood and seriousness of a competitor's potential challenge requires assessing the strength of that competitor's resources and capabilities.

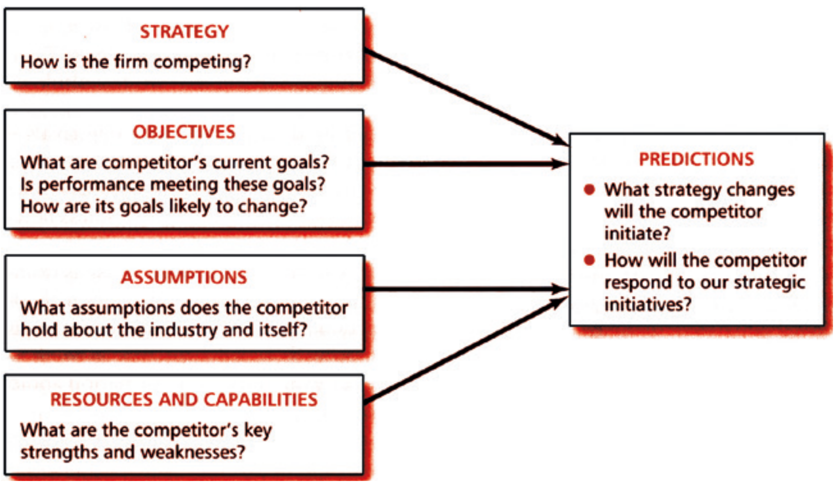

Figure 4. A framework for competitor analysis

Segmentation analysis

The process of disaggregating industries into specific markets is called segmentation. Segmentation is particularly important if competition varies across different submarkets within an industry in such a way that some are more attractive than others (Grant, 2008, p. 110).

In order to better and more easily identify customer needs and determine the organization's target market, it is useful to segment. This work investigates business customer segment problems, and it is further described as the business market segmentation. According to Kotler (2003), the main business market segmentation criteria are as follows:

- Demographic characteristics: industry, company size, location;
- Performance characteristics: technology, user status, user options;
- Buying options: purchasing organization, prioritization structure of the current nature of the communication, the general procurement policy, procurement criteria;
- Situational factors: urgency, specific application, size of order;
- Personal qualities: the buyer and the seller seen as an advantage; attitude to risk, loyalty.

Services in the business market, according to the needs of these segments, are possible to be segmented into the following:

1. The price-focused segment – with a surgical approach segment. Business buys standard items plus none.
2. The quality and brand-oriented segment – customers are businesses that need the best available product, and they are ready to buy it.
3. Service oriented segment – customers have high requirements for the quality and delivery deadlines. They mainly operate in time critical sector and can be small as well as medium-sized and large companies.
4. The partnership is a focused segment – reliable suppliers, strategic partners, large and significant market shares with the company.

Marketing specialists point out that the best one is the business market segment by consumer behavior and search benefits. In a view of the possible application of segment strategy, marketing should not be differentiated, it should be both differentiated and concentrated. Service differentiation caused some problems: service innovation cannot be patented and is easy to copy. So, a company that is constantly looking for innovations gains a temporary competitive advantage.

Every organization, in order to use its strengths to exploit the potential sales market, should establish a user group, which will be offered an exclusive advantage, and position their offers to consumers' minds.

Strategic groups

The preparation of the strategy must include grouping by organizations' competitive position of farm-wide setting. Jucevičius (1998) describes the strategic group as competitors using similar tools and competitive market, occupying a similar position. One branch may have one strategic group. This happens when all sectors of the economy sellers strategy are similar. A branch may also have as much strategic groups as there are competitors.

Isolation of strategic groups of competitors is important, but it is insufficient for competitors' analysis. Competing usually falls to a specific firm, using a different strategy, though it can depend on the same strategic group.

Thriving organizations analyze their competitors very carefully. They seek to understand their strategy, track their activities to determine their strengths and weaknesses, which provide next steps. It is important for an organization to be informed about the actions of competitors, because it helps the organization to identify methods of competition.

Generally, the closer the strategic groups in the drawing, the greater the competition among business participants. A branch is a concrete business, which is the organization. If the organization at that time was not in the industry, and that is the best place where it could be, it does badly. Therefore, it is important to monitor the dynamics of the industry and its future trajectory. Increasingly, leaders will be those organizations that are not only optimizing the industry, but basically redefine the branch. Branches of the structure are not fixed and are free of movement. It is important to try to shape the nature of competition, to take over the management of the organization's destiny.

Whereas segmentation analysis concentrates on the characteristics of markets as the basis for disaggregating industries, strategic group analysis segments an industry on the basis of the strategies of the member firms (Grant, 2008, p. 117). A strategic group is the group of firms in an industry, following the same or a similar strategy along the strategic dimensions (Porter, 1980). These strategic dimensions might include product range, geographical breadth, choice of distribution channels, level of product quality, degree of vertical integration, choice of technology, etc. (Grant, 2008, p. 117). By selecting the most important strategic dimensions and locating each firm in the industry along them, it is possible to identify groups of companies that have adopted more or less similar approaches to compete within the industry (Grant, 2008, p. 117).

The following steps are required for segmentation (Grunig, Kuhn, 2008, p. 157):

1. Identifying the most important competitive dimensions;
2. Determining the positions of all the important competitors as regards these dimensions;
3. Identifying the strategic groups;
4. Determining barriers to mobility and entry; reviewing the five forces for groups of strategic interest;
5. Assessing the difficulties of overcoming the barriers to entry to the most interesting groups.

3. Strategic analysis of the internal environment

In order for the strategic management process to begin, managers are required to conduct an internal analysis. This involves identifying the business‘ strengths and weaknesses by analysing its competencies. It also involves managers highlighting the business‘ competitive advantage. For strategies to be effective, the organization must exploit and expand on its strengths, as well as reduce or eliminate its weaknesses; thus, furthering its competitive advantage in order to achieve profitability.

Internal factors reveal organization‘s internal strengths and weaknesses. This analysis shows the opportunities and threats, determined on the basis of the analysis of external factors, which are important for the organization. These are the most important factors on the organization‘s effectiveness and are directly related to its competitive success. However, the question is what factors are prioritized (competitive strategy formulation, exclusive possession of resources or managerial potential quality) and increase in the competitiveness of controversy (Mintzberg, Ahlstran and Lampele, 2010).

Internal factors include the analysis of the organization‘s resources and the quality of the content, objectives and tasks of evaluation and the volume of investment and management approach to risk. Internal factors analysis is one of the most important phases of strategic planning because it allows organizations to summarize their feasibility of the objectives. If an organization‘s internal factors analysis shows that it does not have the necessary resources to achieve the required goals, then it can change direction and avoid failure.

Company‘s internal analysis is one of the organization‘s internal condition assessment techniques. The inner profile analysis distinguishes four areas: financial resources, marketing resources, organizational and technical resources and labor.

Financial resources often indicate that an organization can take advantage of opportunities. It is important to properly assess the organization‘s financial status. Current financial reports are used to evaluate the financial resources. These reports show the development perspective.

It is generally believed that past behavior is determined by the capacity of the current and expected future. If the organization has a questionable financial report, it is impossible to make objective financial implications. In assessing company‘s financial condition, using the profit (loss) statement and balance sheet information, technical resources are material items used in the production.

Organizational resources relate to the organization‘s structure and culture. While many resources are associated with these two factors, a deeper analysis includes local production capacity, communication with suppliers, inventory control structure, image and human resources investigation. The analysis of the commercial enterprise, production capacity is not significant.

For any organization, it is important to properly assess the organization‘s location. For a trade company, it is important to choose an easily accessible location, which enhances the company‘s image and the ability to attract customers to their target market. It is equally important to maintain good relationships with its suppliers, which may be the company‘s creditors.

For a company to work effectively, it must have a stock control system, which is the ordering, storage and a new method of determining the orders. This system is required in order to keep the groups that the company is missing too much. In order to run an efficient organization and productive work, it is necessary to formulate the structure of the organization. Organization chart depicts the distribution of power, the flow of information, helping employees to perform their duties. Organization image evaluation is complex, but it is no less important element of the internal profile analysis. A good name is one of the competitive advantages because they can encourage buyers to choose the company‘s products rather than its competitors.

When talking about labor resources, it is important to emphasize that the employees of the organization are its biggest asset. In the description of labor resources, it is important to pay attention to the number and qualifications of employees and organizational structure, which determines the division of work in the company. For the organization, it is important to continually assess employee morale and labor relations. Employee turnover, absenteeism and lateness rate are the most understandable sentiment indicators of the staff. The organization, analyzing their labor resources, must take into account the applicable payment system for both internal and external perspectives. An internal approach states that salary is determined by the productivity of a specific organization, whereas an outside view claims that salary shall be based on wages in comparable organizations. Promoting and shaping the organization suggest ways to approach employees. The best employers are not paid the highest salaries in organizations, and they are those, who respect their workers, are interested in their work and want to continue to keep them in the organization.

To get more detailed information about the company‘s capabilities and potential obstacles, it is appropriate to turn back to the SWOT analysis. The SWOT analysis, or the prospective study, is the company‘s activities and the prevailing environmental factors study determining which are favorable and unfavorable to achieve the purpose. This procedure is often applied before any planning factors, taken in the light of the objectives.

The SWOT analysis involves two steps. First, it includes a collection of the key facts, information on the institution or organization and its surrounding environment (e.g., data on the population, district‘s financial and human resources). Secondly, the data and information collected are evaluated and it is decided what are the factors identified in the institution‘s strengths and weaknesses, what they allow, what are the possible negative impacts on others. In summary, organizations conduct the SWOT analysis, which shows the internal situation and the surrounding environment. In other words, it is found where the body is, what are the real business activities of the conditions for the development and to which direction it is intended to go.

The SWOT analysis is proposed to respond to these or similar questions:

Advantages (resources, skills that can be effectively used to achieve the goals):

- What are the strengths of our institutions?
- What are we doing?
- What are our achievements?

Disadvantages (defects, limitations that make it difficult to achieve the goal):

- What is wrong?
- Who does not like the daily activities?
- What should be avoided?

Opportunities (a favorable situation in the environment to help improve the current situation):

- What is the positive outlook?
- What is a good trend?
- What are the possible changes in the innovation?

Risks (adverse changes in the environment, potentially harming determining certain barriers, tensions that reduce the current situation):

- What obstacles face difficulties?
- What is the potential competition?
- Which are the specific changes that will be difficult to implement?
- Who poses the greatest risk?

Bagdžiūnienė (2005) distinguishes four basic questions:

1. How to use the strengths to realize opportunities? Organizations can be interpreted as strengths of their major achievements, which makes it possible to take advantage of additional opportunities, some unique resources, advanced technology, trademarks, etc.

2. How to use the opportunities to correct weaknesses? Organization capabilities are regarded as some of the exceptional market conditions, which provide a favorable climate for the organization and allows increasing or securing a competitive advantage. Company‘s weaknesses could be the lack of any factor, which weakens the organization‘s status in relation to others, e.g., the lack of financing sources, poor reputation in the market, narrow product range.

3. How to use strengths to reduce threats? Organizations threats can describe certain events in the future, which could have a negative impact on its business, e.g., for the same purpose goods appear on the market when new competitors come into the market, buyers tastes change, economic recession, etc.

4. What weaknesses need to be removed to reduce the threat?

Generally speaking, the SWOT analysis is an integral part of a long-term strategy. It is an intermediate of the definition and implementation of the company‘s mission, goals and objectives. This is the real and the main purpose of this analysis.

To the success of the organization, external and internal factors must be linked and combined, and the results of the analysis must help to understand the links between these factors. After completing the analysis of the economic sectors, setting the level of competition and the influence of each of the competitive forces in the evaluation of future prospects, identifying possible changes in the organization-wide and internal analysis, it is necessary to summarize all of the abovementioned and evaluate them.

Strategy selection is determined by various factors. Advantages of the organization have a decisive role in choosing a strategy. Also, the organization has to choose the strategies that lead to growth and the need to implement the strategy effectively and efficiently. Of course, the strategy is always associated with financial costs. Financial resources usually reflect what advantage the organization can take of opportunities. Implementation of the strategy is linked to the organization of assumed certain liabilities, which often play a crucial role.

Time is also an important factor because of the organization‘s opportunities and risks and expected changes in the boundaries. After all, the organization can implement a strategy at any time, but only in certain periods, when there is an adequate access. The most common successful strategy implemented by the organization is the one, which pays on time to manage the process.

4. Identification and creation of business strategy: Creation and maintenance of competitive advantage

Strategic bussiness planning

Planning can be described simply as a thinking process that promotes targeted build. This is the conclusion of the project, program or method for a particular purpose or to achieve the result. The strategy is the organization‘s management plan, which is required for the selected goals and objectives. It contains the tools and techniques needed for organization purposes and objectives.

Strategic planning is the problem solving process in order to adapt the organization to its future environment. This is the process, by which it is necessary to anticipate events and to decide what is possible and necessary to make the organization and take advantage of opportunities to benefit and protect itself from everything that hinders the success and survival of the threatened (Palubinskas, 2007, p. 23).

In order to develop and implement a strategy, one needs to create an action plan when and what will be done and the resources required to perform a given task. The traditional structure of the strategic plan consists of six items: goals, objectives, measures, targets of the implementation of the evaluation criteria, budget and execution.

Mintzberg, Lampele and Ahlstrand (2010) formulated a specific strategic planning model, which includes specific features that characterize the fact that strategic planning needs to be split into separate phases, and the formation of the strategy is the responsibility of the organization. By the way, this whole process has to be strictly and precisely defined. The strategic planning process is much more important than the plan. System planning, execution and feedback for the best alternative choice occurs in a rapidly changing world. In addition to all these social issues, strategic planning has a positive feature because it involves a lot of people who work closely together to learn each other‘s goals, aspirations, desires, and to unify and work together to implement a strategy. However, this may cause the opposite effect, which is the various levels of leaders and managers in all the plans adopted by the imposed „from above". It causes a negative reaction, because it is assumed that there is no place to use their own opportunities to rely on their own intuition and creativity. Another common problem is the process of splitting into two parts: strategic and operational. On the other hand, they have to be split apart as other operational activities always overshadow the strategic activities.

Thus, a strategic design must be strictly and precisely defined in order to determine the best strategy for the organization or its alternative, so before the formation of the organization's strategy , it is necessary to perform the following steps:

a) the organization of strong and weak features, options and hazard analysis;
b) the success factors of a given operation;
c) the organization of special properties which make it a competitive advantage in the setting;
d) management and orientation values of social responsibility, clarification.

All those mentioned in the strategic design phases and tasks are found in the analysis of strategic concepts and methodologies, which proves the validity of this model and importance, before taking shape corporate strategy:

a) the strategy development process is a reflection and thinking, rather than activities;
b) the head of the organization has overall responsibility for the strategy;
c) all the strategy procedure should be as simple as possible for all to understand, otherwise it would be a favor, and fulfilled .

Long-term plans continue for five or more years, and they are called strategic plans. Each state or non-state actor must have their strategic plan and future activities. It is also important for the development of the organization's strategic plan to choose the right development strategy and development. Developing a strategic plan is influenced not only by the actions, but also by the products or services they sell, even their popularity, so that for organizations operating in a market economy, it is essential to predict events and potential risk factors and to determine what are the minimum steps for each organization, which is gaining a market advantage over the competition. It is also important to be able to react in time to the existence of new market requirements. Therefore, the organization, in order to successfully pursue its own objectives, needs to have their own successful strategy.

Changes faced by organizations today are happening faster and are more sophisticated, strategic planning and management become even more important and necessary in order to not only keep the organization in the market, but also to develop.

Vasiliauskas argue that strategic planning is treated as a formal planning system to develop and implement strategies for dealing with the organization‘s mission and goals. Strategic planning does not change the strategic management, but it formalizes some organizations. Strategic management process is not only limited to formalization strategy development stage, but also includes the other two phases: strategic analysis and strategy. Combining the strategic management process and stages of the strategic planning process steps shows that the strategic analysis is consistent with a certain sense of planning assumptions definition. Strategy is related to the formulation of goals, identification of alternatives, evaluation of alternatives and selection of the best alternative steps. Implementation of the strategy includes supporting strategies and plans for implementing the strategic plan.

In the most general sense, planning (management) is the control loop function, which defines the organization as a result of sales objectives and actions and measures to achieve those objectives. Planning and other management cycle functions are as follows: organization (operator selection, delegation of functions, clustering, etc.), leadership (motivation, command, communication, etc.), control (execution plan measurement deviations, setting adjustment plan, etc.), which consists of a closed-cycle management (Vasiliauskas , 2004, p. 24–26).

As noted by Astrauskas and Česonis (2008), in science, law, planning documents and strategic media, planning and management are defined in different ways: some believe that these two concepts are intended to define the organization‘s strategy development, performance monitoring, adjustment, evaluation and reporting process and they are to be used as synonyms, others think that strategic planning is only a strategic management (overall managerial activities) part, while other still think that strategic management is a strategic planning phase of development or form (type).

Planning is an intellectual process, which allows creating an action plan. Vasiliauskas (2004) provides the following sequence of steps:

1. Initiation of the process. Planning does not occur naturally and must be initiated. Initiation of proceedings may be twofold. It can be initiated by the organization for senior executives, giving subordinates to make plans, which specify a higher level plan. Planning can begin as well at the operational staff without direct superiors, when they diagnose opportunities or threats directly related to their functions.

2. Planning assumptions definition. Planning assumptions is related to future situations, in which the plan is realized, the evaluation. These assumptions may include both the internal and external environment. In the formation of an action plan, it is not possible to evaluate all of the internal and external factors that may affect the future plan. A definition of the planning assumptions focus on the most important factors that can determine the success or failure of the plan.

3. Formulation of objectives. Objectives are intended to describe specifically what is to be achieved and define the follow-up course selection.

4. Identification of alternatives. In this step, it is important to identify alternative ways of ensuring the defined objectives. It is always recommended to highlight an alternative that is not directly visible. However, already at this step, it is advisable to reject obviously bad alternatives that would save time in the alternatives analysis phase.

5. Evaluation of alternatives. Each alternative is analyzed in an effort to assess the weaknesses and strengths, according to the formulated goals and planning assumptions.

6. Selection of the best alternative. In this step, the final decision is made on the best options to ensure the defined goals. Quality of the solution depends on how carefully the earlier steps were carried out.

7. Supporting plans. If the plan is approved, it is necessary to develop a derivative or detailed support plans and a specific general plan. Each supporting plan is initiated by the creation of a new planning cycle covering all described steps in the planning process.

8. General and supporting plans are supplementary budget plans on the basis of allocation of financial resources and provide the basis for the implementation of plans.

9. Implementation of the plan. It is realized through other management functions: organization, management and control.

Strategy making: Objectives, mission and vision

Traditional strategic planning process includes the following elements: objectives, strategies and resources. Objectives of the organization are measured by qualitative and quantitative indicators, define its tasks, which are to be executed over a period of time. The purpose is to state what the organization is trying to achieve (Formisano, 2003).

As well as the policy-making process is an integral part, the mission or the creation of a setting is also important. Mission is one or a few sentences outlining the organization‛s main purpose of existence and the meaning of its operations. Otherwise, it can be said that the mission is the main goal, which is based on the key messages of the organization‛s purpose, competence and its place in the world (Olsen, Olsen and Olsen, 2004).

Summarizing the organization‛s mission and strategic goals of the concepts and definitions, it can be said that the goal of the organization is reflected in the same line of business, which is expressed in its mission, but the mission and the objectives of the organization differs in the following respects:

a) the organization‛s objectives are to be achieved through the precise time, and mission time is mentioned rarely, and only in a non-specific form;
b) the organization‛s goals are generally quantifiable, and the mission is defined as a higher level of benefits that has no quantitative measurements.

Organizations that do not have goals can not exist long. However, the majority of scientists claim that purposes of materiality are not always the same, e.g., behaviourists define that the objectives can only have individuals and groups, and do not group them in any way. However, in these days, scholarly writings on business objectives have been assigned to one of the most important roles. The goal is seen as a predictable result, or the conditions, under which members of the organization want to achieve its activity (Mintzberg, Ahlstrand and Lampele, 2010).

In order to investigate the formulation of the strategic objectives of the specifics, it is important to remember that the organization‛s objectives should be formulated in accordance with the organization‘s mission, and they have to be given in precise indicatotions for defining the objectives of performance evaluation. As well as the objectives have to be consistent, i.e., they must be compatible with each other‘s views, the organization‘s strategic objectives can be fruitful only in the implementation of these conditions (Morgan, Levitt and Malek, 2008):

a) if they are measurable and have a clear and specific objective to assess the basis for decisions;
b) if they have a time limit, i.e., if indicated, to the time required to implement the goal.

The objectives of the organization are created not only in the mission and vision, but they are also influenced by a high level of the same organization leaders‘ value orientations and goals. Vision is a deliberately generalized perception and understanding of when, where and how the organization will compete with its rivals in the future (Mintzberg, Ahlstrand and Lampele, 2010). Thus, the objectives of the organization become an important part of the process of strategic management only when the top-level executives formulate them correctly and purposefully, effectively institutionalize them, inform employees about these goals and encourage their implementation in the organization. The head is not enough to know what actions can lead to success. The top-level manager must also have ways to help pass on their knowledge to the entire organization.

Goals should be pursued in order to increase efficiency of the organization, so, to summarize the objectives, it is important that they do not exceed the organization‘s capabilities. Actions and decisions necessary for the implementation of one goal do not interfere with other objectives. Also, the framework of the objectives of the organization, which developed a strategy, cannot remain unchanged for a long time. Only when the organization‘s vision, mission and goals are established, one can move on to the next phase of the strategy – a comprehensive environmental analysis, which is divided into external and internal.

Competitive strategy

As stated by David (2005), each organization is trying to exist in the market and competitors are resisting competitive factors for a longer time, so the competitive advantage in the creation and maintenance becomes a long-term success of the entire organization.

In addition to David (2005), long-term competitive advantage theories were also created by Herc, Belasco, Lucian (2009), who noted in particular the growing importance of non-tangible resources to the development of a long-term competitive advantage of the organization. The importance of evolving resources is based on the organizations, as the basic structure of the organization is created by integrating the assets and property of the relationship with the environment. Finally, they highlighted the need for organizations‘ change when a lot more focus is put on intangible resources relevant to competitive strategy efficiency.

In each organization wishing to achieve long-term competitive advantage, strategic management must be fully developed using a dynamic and innovative resource-based model, unique to each organization. Unique intangible resources must be identified that could be used in developing a long-term competitive advantage. Each organization is intending to survive and compete in the market as long as possible. Creating and maintainingg a competitive advantage is the long-term success of the organization. However, the organization must constantly strive to maintain a competitive edge update adapting to changing environmental conditions, skills and resources. The formulation of competitive strategies also has to be maintained in a way that these signs of the changing environment create an effective competitive strategy. Attributes, which have a long-term competitive advantage, are as follows:

- Being valuable – where resources allow the organization to devise and implement strategies that increase operational efficiency;
- Being rare – a valuable resource organization, which has many of the existing organizations in the market, which cannot be used in the creation of competitive advantage; .
- It cannot be perfectly imitated – competitors can quickly imitate and use it for a competitive advantage;
- Being ideal – a competitive advantage should not be created in an extremely rare resource.

These days, low price, high quality, good service and other traditional competitive strategies are in the market everyday, but these strategies are insufficient to establish and maintain a long-term competitive advantage.

Competitive strategy used has the following characteristics: value – the organization is selling products or services to provide the added value for customers, not only to perform its main function; time and mobility – quick decision-making is particularly important; using a user needs analysis as a basis for decision-making – it can respond quickly to changing market demand, consumer provisions; knowledge and intellectual property – ideas and information are the main forces used in establishing the uniqueness of the strategy; flexibility – for an extremely high competition in the market, organizations need to lead extremely quickly to show initiative, to be able to switch quickly and use the minimum amount of resources; innovation – continuous improvement of the product or service, business operations, processes, organization, becoming one of the key factors in creating a greater value for the consumer; size of organization – it is not as important as the others, however, it becomes much more important to be fast and innovative.

Grant (2005), Mahoney and Panid (1992) first developed a general understanding in the literature about prevention mechanisms, by which the organization can be used as an additional means of competitive advantage for safeguarding. These mechanisms create barriers to competitors, wanting to copy the source of competitive advantage, opportunities and strategies. Later, the organization techniques as a means to protect themselves from the strategies, resources, capacity simulation examined in detail by Yi- Pei Li, Yuh -Yuan Tsai (2009), who identified the key characteristics of an effective strategy, will allow to develop simulation techniques, by which competitors cannot easily and quickly simulate the organization to the strategy or competitive advantage. Competitors may be easy to imitate, replicate the organization to resources, capabilities, strategies, such as production, allocation, databases, product design and distribution channels. However, for the use of an effective protection against competitors, simulation technique was developed in a unique way, which shows how an organization uses its resources, capabilities and strategies, and it severely reduces this risk. There are two main anti-simulation techniques:

- Competing protect equipment;
- The safeguarding of consumer-oriented technology.

These two techniques are identified as individual, because the implementation of each of them uses a different strategic orientation. Competing protecting technique is used to reduce the possibility of competitors to imitate and use competitive tools. It is emphasized that the use of this technique requires the management to have a particularly good understanding of the market in terms of competition. Competing technique is used to protect these facilities. The innovation-oriented capabilities show that the organization, which first uses some technological innovation as a means to compete, gains a strong competitive advantage. While competitors may imitate and then copy these technologies, constant orientation to innovation will enable the organization to maintain this competitive advantage. Speed adaptation shows that the organization quickly adjusts to changing market conditions, as well as the first in the market to acquire a competitive edge using an exclusive, leading to early market dominance, better market knowledge, valuable resources and cost advantages that create an exceptional competitive strategy. Market capacity showst that the organization can offer such products on the market, which are the most needed, there is the greatest demand and differentiation of their products, creating a product or service brand stronger, and it may increase the prices of goods or services.

Protecting the consumer is oriented technology, it is the economic and psychological barriers associated with consumer brand choice decision. The aim is to minimize the buyer‘s use of brand substitution. User-oriented preservation techniques are used in this instrument. Buyer‘s cost technique is applied by the organization in a number of additional costs when buyer repackages one brand used to another because of the need to use additional tools for attracting new customers, so the organization is protected from the buyer of consumer goods exchange, and reduced costs are incurred. Relationships with customers equipment are related with a good organization and customer relationship, which is always an added benefit, it creates trust space and the user becomes more loyal and more willing to spend.

Organizations aim to achieve and sustain long-term competitive advantage necessary to develop effective protection against imitation, copy techniques to help maintain a competitive edge for a longer time and to reduce the influence of competitors.

One of the latest management science paradigms that perhaps is the biggest focus on the quality of decisions is insight. One of the forms of the insight, related to the analysis involving competitors, is a competitive intelligence. It is the basis of these insights, which can be implemented in high quality solutions, which create preconditions for the development of competitive advantage.

According to Stalinski (2004), providing insights into the concept, it can be said that any insight into the system has an ability to engage in the transfer of information between the external and internal environments to maintain stability, adaptability and growth.

Competitive insight can be seen as an integral part of business intelligence, but it also can define the processes, techniques and tools to help one quickly make more effective decisions. The competitive insight helps gather information about competitors‘ positions, opportunities and intentions. The competitive insight not only provides the facts, but it also provides preconditions to predict what will be in the future, makes more effective strategic decisions with regard to the competitive environment. So, this kind of insight creates preconditions for the organization to stay competitive by improving strategic decision making and leads to a more efficient business.

Prescott and Gibbons (1993) and Prescott (1999) provide a description of the competitive insight as formalized, where the evolution of the process of managing the team monitors the economic sector and the evolution of current and potential competitors and their behavior in order to maintain and further develop a competitive advantage.

The competitive insight not only provides the facts, but also helps the organization to form assertions about what might happen in the future. The competitive insight combines data and information, using a wide range of strategic approaches, paving the way for prediction and anticipation of future events.

According to Evans (2006), the competitive insight is good practice for helping to formulate a strategy and a better understanding of its scope and its competitors, helping to identify performance improvement areas, which provide the potential risks and opportunities, isolate the operational efficiency of interference in relations with competitors.

Long-term competitive strategies forming process for pharmaceutical industry companies was analyzed by Herrmann (2008), who denied the well-established view that the pharmaceutical companies use their competitive strategies, while taking shape in countries or regions with a national environmental and labor market institutions factors. It is argued that the technological capabilities of the pharmaceutical companies are becoming a key factor in creating long-term competitive strategies. There are three competitive strategies that rely on pharmaceutical companies that exploit their technological capabilities:

- Radical product innovation. Based on this strategy, the company invests in its radical technological capabilities, research and development in order to offer completely new market, using new, undiscovered medicinal active substances.
- Diversified quality production. If the user is already on the course, in order to successfully compete, entry must be submitted at least for a better quality product. This strategy is based on the already known cure, the active substance on the market. However, pharmaceutical companies are investing additional resources in the product research and development in order to provide better quality and additional healing properties of the product.
- Low-cost production. This strategy is based on the principle of simulation technology. After the market has already sold the patent for the copy of manufacturing technology, the company does not need to spend an extra high cost of product development research and development. However, the pharmaceutical company can market the product to offer a much lower price.

Porter (2005), when examining the long-term competitive strategies, says that the company can gain a sustainable competitive advantage in the application of these general competitive strategies: cost leadership, differentiation, cost and strength to strength in the differentiation. These strategies are explained below.

Cost leadership strategy: through a cost strategy, the company bases its activities on the resources that provide the lowest cost of the industry in which it operates. The ability to effectively manage the resources allows the company to achieve the lowest cost of their branch of activity and at the same time gain a sustainable competitive advantage. Cost leadership strategy requires a lot of attention to control costs and minimization. Cost minimization can be achieved due to economies of scale in production, i.e., production of standardized goods and increase in their production. A competitive advantage, offering consumers products at a lower price, is traditionally seen as the main way to advantage. Advantages of this strategy are the ones that allow getting more than the average profit industry, which may initiate a price war, and it feels quite safe to invest in other sources of the competitive advantage in the acquisition in order to increase market share.

Differentiation strategy: for the purposes of differentiation strategy, the company aims to any aspect of uniqueness. Most often, it is designed to differentiate the company‘s product offered to consumers, who are perceived as unique. Differentiation essence is profit company receiving, creating customer value, which is different and higher than its competitors. One of the most important conditions necessary for a successful product differentiation is market segmentation and consumer‘s needs. Differentiation can not be associated only with the characteristics of the goods, but must also include the entire enterprise and consumer relations complex, tangible and intangible aspects. The main drawback of this strategy is that the differentiation always increases the price. This leads to an increase in direct and indirect costs, resulting from the inability to use the advantages of mass production, as well as additional costs for different differentiation actions.

Concentration of the costs and the concentration of the differentiation: in this case, the company‘s efforts focus on any aspect of the narrow field of competition within the industry: a consumer group, a specific product or a specific geographic market. The purpose is to serve a certain market segment better than the competition. Gaining a competitive edge and standing out from the competitors may reduce or increase brand differentiation. These strategies are the advantages, and significant resources are not needed in order to establish themselves in a large segment of the market, which is a relatively small risk of minor potential losses in case of failure.

Kotler (2000) and Kotler and Keller (2006) suggest competition strategies by market share for gaining a long-term competitive advantage. They argue that the competition can be divided into a market leader, market marker, market follower and market niches filler.

Market leadership strategies: this organization, which is distinguished by its significant market share of the market share, is the largest market share. The market leader has more freedom to choose their competitive strategy, as well as it is a lot easier to attract new customers and existing customers to take up their offer of products, advertising and other marketing actions. Therefore, the market leader has more direct access to press and attack their competitors.

Market strategy actor: market enemy is strong enough and has the resources and expertise to become a leader. It can also increase the market share of directly attacking the chosen competitor (usually, the leader). Similarly, as the market leader, it may be necessary to repel the attacks of competitors. However, other than the market leader, a persecutor can sometimes save resources and not create radically new products. With sufficient resources and expertise, it can take advantage of market leadership and ideas to create even more advanced products.

Market follower: the market leader is operating in the marketing of goods, and the market follower copies this action. They come in two types: one takes main ideas and the sequence as a market leader in the footsteps of other, who directly imitates everything related to the market-leading product and marketing activities and tries to sell the goods on behalf of the leadership. All followers of the market have a common trait: they do not seek to occupy leadership positions, but try to use tried and tested marketing efforts.

Market niches filler: the most important goal is to compete, which is to adapt to the specific requirements of small segments of the market for consumers. Sales volumes for the target market of small size are usually not high, but the market niche filler often works very profitably. A market niches filler strategy is used by small businesses, as large companies are not very interested in small segments of the market and do not try to meet their specific needs.

Yoff and Kwak (2002) examined why some companies manage to overcome their much stronger rivals. Achieving this success, they proposed to use „Judo“ strategy, which does not allow competitors to use its full capacity. Under this strategy, the company has to rely on speed, agility and adaptability of creative thinking, the development of strategies that impede the powerful leadership rivals. The company has to decide how aggressively it will enter the market, which is dominated by the other. A company managed by the „Judo“ competitive strategy tries to conquer the entire market and it also must expect that competitors will probably counter-attack. However, the company may agree with its competitors to occupy only a small share of the market. Usually, this approach is justified, as the market leader is more likely to give their small market share to a competitor than to reduce their prices in the market.

To summarize the concept of competitive advantage, it can be presented as follows: this is a long-term ability of the company to offer more value than competitors can while achieving greater profitability than the average in the industry. It is emphasized that the long-term competitive advantage over time weakens or becomes ineffective at all. Grant (2005), Mahoney and Panid (1992) proposed a competitive advantage in securing a technician: technician protecting competition and protecting consumer oriented techniques with the help of a long-term competitive advantage as much as possible protected against imitation and weakness.

Herc, Belasco, Lucian (2009) especially pointed at the growing importance of intangible resources in the development of a long-term competitive advantage of the organization.

Day and Nedungadi (1994) examined the competitive advantage of marketing in the context of claims that a long-term competitive advantage is necessary to create the final product that the consumer wants and needs. Organizations will have a long-term competitive advantage, which is effective only when the consumer‘s desires and needs will be met better than competitors.

Identification and development of competitive advantage

The first source of competitive advantage, which is usually specific organization‘s strategic resources, is mentioned in works by Barney (1991, 1997), arguing that the organization‘s strategic resources must be valuable, rare, unique and consistent. Sekliuckienė (2008) also agreed with this statement and argued that the competitive advantage of the organization is strongly influenced by the acquisition of organizational resources. Organization‘s resources and the competitive advantage analysis of resource is based on the interface approach discussed by Wernerfelt (1984), Dierick and Cool (1989), Grant (1991), Barney (1991, 2001). These researchers distinguished the organization‘s strategic stocks, which have features, such as value, rarity, uniqueness, consistency, arguing that the resource properties have a significant impact on a permanent competitive advantage in the acquisition and retention. As it was stated by Barney (2001), the entire organization‘s competitive strategy is influenced by the success of the organization‘s valuable resources and expertise that enable an organization to develop and implement strategies that are able to identify and exploit opportunities and neutralize threats to the environment.

Strategic organizational resources are necessary for an organization to gain a competitive advantage in the identification of particular relevance in different sectors of the economy. The resources of this are all the organizations assets, capabilities, organizational processes, organizational features, information, knowledge – everything is in an organization controlled by the organization and enables to formulate and implement strategies that are stunning and effective (Barney, 1991). Organizational resources are intended to give credit to the organization‘s specific assets, which enable the development of their activities better than competitors (Fitzroy and Hulbert, 2005). These organizations use the definitions of resource dependence, which highlight the organization and the use of these resources to the advantage of more effectiveness in its use of competitive strategies.

In each organization‘s competitive strategy, the author draws attention on a special material at the organization‘s resources as a major competitive advantage in the identification, development and factors determining the efficiency of the organization, which were dealt with this scientific work. These non-material resources of the organization, described as the organization‘s strategic resources, highlight the importance of such intangible resources as organizational and personal excellence. It is noted that organizations, seeking a long-term competitive advantage, rather than a short-term effect on the market, piled period of competitive advantage to be sustainable only if it possesses certain properties. These properties are called the competitive advantage VRIO Model (valuable, rare, inimitable, organization). Competitors can not so easily copy to weaken or eliminate the advantages of the organization used. It was found that the organization‘s tangible and intangible resources enable organizations to easily beat their competition and achieve better business performance results of using a unique competitive strategy. Although faced with the development of innovative marketing action problems, mainly the organization of competitive advantage operates in the acquisition of trying to carry out marketing activities in the functional field.

The following points highlight the competitive advantage in the development of sources of competitive advantage through the development of market share growth, competition-based resources (Lippman, Rummelt, 1982; Wernfelt, 1984; Diericck, Cool, 1989; Barney, 1991; Grant, 1991; Peteraf, 1993), dynamic capabilities (Teece, Pisan, Shuen, 1990), core competencies and basic skills (Prahalad, Hamel, 1993; Stalk, Evans, Shulman, 1992). In assessing the competitive advantage in the development of copyright sources, Skaržauskienė (2008) emphasizes that the critical success factor is the ability to transform the organization alone is not enough to develop certain skills, resources and competencies required by the new forms of competition, the organization must learn to more effectively respond to strategic changes, keeping abreast of intensely competitive and rapidly changing environment.

Talking about the competitive advantage, in particular, the uniqueness and originality, Gharajedaghi (2006) distinguished five levels of factors that destroy the competitive advantage: imitation, inertia, optimization, transformation and paradigm inside the exchange. The competitive advantage destroys one of these factors over time.

Skaržauskienė (2008) presented a long-term competitive advantage in the development and maintenance of systems thinking, based on the basic ideas by analyzing the management of acutely the question of how systems thinking can help an organization to effectively operate in a competitive environment.

Systems thinking is a concept which combines the last fifty years of scientific discoveries and tools that enabled easier to understand events and the integrity of the desired changes. Systems thinking is based on the language of the principle of holism – understanding the world as a whole, whereas the traditional analytic thinking does not include causation and interdependence with the environment and with other systems, which is the need for organizations to find a source of competitive advantage. So far, most authors have emphasized the usefulness of systems thinking in creating a competitive advantage, but the problem that arises is analyzed as partial or only to some extent. Schumpeter (1950) states that capitalism is economic in nature in the form of changes in the method, which can never be fixed. More important than price competition between static production methods and organizational forms, and the competition between new technologies, new sources of supply and new forms of organization is competition, which is not at the profit margins of existing or production companies, but at their underlying fundamentals and existence.

It is noted that the critical success factor is the ability to transform an organization to effectively respond to strategic changes, keeping abreast of intensely competitive and rapidly changing environment. Systems thinking theory provides a new conceptual framework for the organization. Systems thinking is perceived as the main principle of the organization's value, and the most systematic thinking as the primary tool used to create long-term competitive advantage of the innovative and unique tool to generate good business management solutions.

Haines (1998) identifies leadership as a strong competitive advantage in the development of the new system in the context of age. Permanent changes during a competitive advantage is not only a disposition of information, but also the ability to generate knowledge and understanding of mutual relationships. That role goes to the organization leader. Such conceptual theoretical assumptions can help an organization to create a unique long-term competitive advantage through productive development policies.

According to Aker (1989), strategic governance is a significant development and maintenance of skills and strategies in the field of competition and selection in such a way, that it allows the following assets and ability to form long-term competitive advantages. Long-term competitive advantages should be developed, taking the essential success factors. The competitive advantages of complying with industry-specific key success factors can be highly successful in organizations. Understanding the critical success factors and development enables the company to successfully enter the industry, differentiate between other businesses and successfully combine perceived value increases and cost reduction. Ketelhohn (1998) found that among the different industries there are different critical success factors and the company that meets one's industry key success factors is significantly better. Also, Ketelhohn (1998) found a strong link between corporate profitability and the strengths of compliance with the essential success factors. According to the study by Dickson, Ferguson and Sircar (1984), the essential success factors are defined as events, circumstances, conditions or actions for one's interest in the company requiring special attention. Auruskevičienė, Šalčiuvienė and Trifanovas (2005), on the basis of previous scientific opinion, argued that the identification of key success factors, revealed in the long-term competitive advantage to the development potential of the organization, is able to discover the unique advantages of simulation. Any organization wishing to remain successful in the market must meet two criteria: delivering what customers want to buy and standing before the competition.

Boguslauskas and Kvedaravičienė (2009) provided enterprise core competencies and essential processes of identifying problems in order to create a competitive advantage. The competitive advantage does not include only the competitors and their positions, strategies or compare prices, benefits comparison, but also the knowledge, skills, technology and working methods of information, which are found in the smallest components of organizations. These additional factors are hidden and quite often misunderstood and, therefore, are not considered. In order to use these factors efficiently and to provide specific benefits to the organization, they should be thoroughly investigated.

Prahaladir and Hamel (1990) argued that an essential competence includes communication, participation and a strong commitment to acting, despite the organizational limitations. Naturally, since 1990, there has been much debate about the definition of core competencies, but most of the authors have had different opinions about it, so there is no unified definition. Essential competencies are knowledge, skills, collective learning and other attributes of the collection, which helps to develop and maintain key processes. It is particularly emphasized that these essential processes should be hired because they are what helps the company to be lively and competitive.

Organizational leadership is very important to realize that some of the functions and processes should never be hired. To get the most out of the business of outsourcing, a company must carefully evaluate their processes and the information sources used in these processes (Boguslauskas and Kvedaravičienė, 2009). After this, self-inspection companies can distinguish between essential and non-essential processes. It is emphasized that this assessment is necessary before any of competence in relation to it, only then organizations can gain a competitive advantage. In order to create a competitive advantage to distinguish, it is necessary to evaluate the core competencies, which can be identified by the following characteristics:

- It is important that the customer perceived the benefit of the end product;
- It is difficult for competitors to imitate;
- It provides access to new markets.

Essential competencies that organization features cannot be easily simulated or be dependent on a few individuals in the organization that could leave the organization. It is the perception of the consumer, which is the most important feature to look for core competencies. Essential competencies are used as the main competitive advantage of the company, which emphasizes a unique product sold or service characteristics, the organization proposed product or service is different from other similar alternatives offered by competitors. Essential competencies are unique internal skills and knowledge sets that define the organization‘s competitive advantage, the company valued customers. These core competencies do not show that the company is small, they are not the actual product or service, but they are used to create the organization‘s products and services.

It is noted that the majority of the scientific literature authors distinguish between a tangible and intangible long-term competitive advantage in the development of resources, but there is the lack of attention by particular human resources. Scholars, such as Barney and Grant, in the early eighties conducted most of the strategic analysis and organizations in order to gain competitive advantages of turning to external environmental sources, but currently, notable special attention has been paid to internal factors of an organization, human resources. However, it was later observed that such organizations have sources of competitive advantage: technology, natural resources, financial resources, availability become very easily copied and lose their distinctive competitive power. So, many researchers sought for a resource-based competitive strategy for the improvement of the organization.

Barney (1991) and Grant (1991) extended a resource-based competitive advantage model with a much larger view of the organization‘s internal resources and capabilities.

It should be noted that in the literature one can distinguish two main approaches to the concept of the merits of Wright *et al*. (1994) and Fisher *et al*. (2006), who defined the generic, which perceives human resources as all of the organization‘s employees. Grant (1998) and Kamoche (1999) defined exclusiveness of supporters by emphasizing employees‘ skills, knowledge, attitudes and experiences

Human resources can be regarded as a scarce resource because the maximum value across the organization, which employees have high levels of cognitive ability, is always different and unique. People within the organization experience a different causal link between human resources and competitive advantage and the resource group becomes quite difficult to replicate (Kazlauskaitė and Bučiūnienė, 2008).

In order to become the key competence of the employees, an organization has to have a competitive advantage in raising measures necessary to increase the effectiveness of human resource management. There are three human resource management functions, contributing to the organization‘s competitive advantage:

- matching the recruitment and training;
- the nature of work that encourages employee‘s freedom of action and continuous staff development in collaboration with colleagues;
- the result is based on the promotion.

It is emphasized that human resources and their management of the organizational value help address the very fast-changing global business environment issues. Human resources depend not only on the organization or field of activity, but also on certain environmental conditions: political, economic and educational systems. Therefore, human resource management should be seen as a strategic organization, combined together with the overall business strategy of competition. In addition, it should be noted that the competitive advantage created by a lack of supply strengthens the organization‘s strengths, over time it can be simulated by competitors, so it is necessary to combine different sources to create a sustainable competitive advantage.

Building upon the resource-based view of competitive advantage in the formation of the assets, skills and the ability to create are of an important value for the organization by creating a sustainable competitive advantage (Barney, 1991).

Resources used in the creation of competitive advantage in the organization are classified as tangible (financial assets, capital, production capability) and intangible (intellectual property, trade secrets, its reputation and culture) (Hall, 1993). However, these resources can create value for the organization if it has the following characteristics (Barney 1986):

- it is rare, but some organizations have them;
- it brings financial benefits to the organization;
- other organizations cannot be perfectly copied;
- there is no substitute.

Flatt and Kowalczyk (2008) argued that the long-term competitive advantage for the organization as a key competitive tool for strategic management framework has been actively analyzed for quite a long time, but the competitive advantage and strategic management of the interaction with each other has been poorly explored. It is emphasized that the constant level of the organization strategic innovation can sustain a long-term competitive advantage. The organization successfully operating soon faces its competitive advantage by imitating or copying. However, the organization that successfully maintains its competitive edge for a long period of time protects itself from the simulation strategy, not only because of the existence of entry barriers, mobility barriers, but for strategic upgrades. These updates are primarily focused on the changing strategy of the whole organization and identify untapped market position in the market. As long as the competitive advantage can again be simulated by its competitors, the organization once again focuses on the overall strategy change, update. If there is a need for such a competitive advantage and strategy updates are performed until that time, simulation remains a possibility. The organization is no longer concentrated on the competitive strategy of upgrading their competitive advantage, which is weakened, as it becomes easily simulated.

Thus, a review of the main sources of competitive advantage in the identification, development and acquisition of scientific literature suggests that the opinion of majority of authors is quite similar. Most authors take the view that the resources are based on competition (Barney, 1991; Grant, 1991) and the core competencies and basic skills (Prahalad, Hamel, 1993; Stalk, Evans, Shulman, 1992), influenced by the competitive advantage. However, special emphasis is put on increasing the importance of intangible resources in evaluating and identifying competitive advantages (Haines, 1998). Any competitive advantage is seen, whether it is a valuable organization, rare in comparison with its competitors, unique – not easily copied and compatible – whether it is consistent with the stated goal of the organization and the overall competitive strategy (Barney, 1991, 1997). Resource value is understood as its ability and capacity to guarantee the uniqueness of the company, which directly leads to the competitive advantage. Resources have to be imitated with difficulties or expenses. The uniqueness of resources must be sustained because during a short time the organization may not even be able to use it and keep under review, thus, attention is drawn or used for the competitive advantage, and there is no financial benefit.

5. Corporate strategy and portfolio management

The company's strategy is described as an essential part of the company's development direction. They are organized on a daily basis, the company's operations and strategic plans detail the activities of the organization years, quarters, etc. The company, which decides its activities and the realization of stable operation, must develop its strategy and pursue it. The scientific literature identifies three hierarchical levels of strategy:

1. Corporate strategy;
2. Business strategy;
3. Functional strategy.

To find out what strategy the company uses to guarantee a profitable and long-term performance realization, each of these strategies is given specific analyses.

Corporate strategy

When using a corporate (general) strategy, the company mostly relies on complex, usually diversified company as a single compound to merge the different activities. The main purpose of this strategy is to create a company as a whole system, joint assumptions that guarantee the optimum of all the available options and resources. The corporate strategy of the company is used to provide the business areas, in which the company expects to compete, as well as determine the general direction of all its business units. The corporate strategy is divided into the following types:

- Vertical integration;
- Diversification;
- Concentration;
- Intensive growth;
- Direction;
- Restructuring;
- Merger and acquisition.

Vertical integration is the most common type of the corporate strategy. The main feature of this strategy is to expand the company's competitive impact of higher overall activity levels. Highlights of vertical integration objectives are to expand the range of products, quality control, a meaningful use of different information, to provide resources, reducing the overall impact on the business, and to accelerate product realization. One of the main advantages of vertical integration is the opportunity to invest effectively. For a simple product development and enterprise-wide design and control, the company can adopt adaptive management decisions. But as with any strategy, it also has its drawbacks – it reduces the company's flexibility, increasing formalization of management and red tape.

Another type of corporate enterprise strategy is diversification, which can be described as the company's new addition, related to the previous activity in some way or completely unrelated products, activities (Jucevičius, 1997, p. 76–78). This strategy is mainly based on large companies. One can pick out a number of strategic objectives to be achieved on the basis of the diversification strategy in order to reduce the risk of increase and stabilize earnings, more profitable and more efficient use of company resources and capabilities, to take a better position in the market, to invest in promising activities and products.

In practice, the strategy used to that type of form is an unrelated (conglomerate) diversification. It is such a conversion, the acquisition of new, independent business units, which has nothing to do with the already available, and the change of ownership does not change their essence and functioning. The main assumptions, under which it is worth to apply this type of strategy, would be the following ones: the company has enough resources available or, when there is an opportunity to invest in a good strategic business unit, the company's performance in the existing business units deteriorates. Some of the advantages of the application of the strategy can also be mentioned: the company increases its security, realizes innovation and flexibility.

Another type of the strategy is operational strength, which leads to a relatively high level of professionalism and attention to all the companies looking for business opportunities and analyzing the realization of negative indicators, which are focused on direct action, consumer needs and competitors' actions. Based on scientific research (the main object of the analysis being concentrated ventures), three opportunities of this type of the strategy are singled out:

- It allows material to form the company's ability in mobilizing all the company's resources and capabilities in order to become a company that reaches perfection in a single action.

- It allows using one's experience to the company, which is not only innovative, but also able to adapt to the novelty of its activities and services.
- In its basic form, the basis of the ability of high-performance enterprise is the quality of image of the company.

Next, there is another type of the strategy, which is intensive growth. This strategy is further divided into three groups: market penetration, market development and product development. Market penetration strategy is based on previous marketing factors, increasing its existing products and services in the market. This strategy is most fascinating when the market is not completely filled with its own products and services, and there is an opportunity to develop a greater consumer demand for the use of the proposed product.

The product development strategy is the development of activities in the market, when a product or service is developed through the principle of improving or expanding their properties and uses of spectrum. This strategy is the application of the assumptions, which are as follows: when the competition is with frequent changes in technology, the main competitors are offering better and more competitive products, the company has adequate product development and the innovative ability.

Turning strategy is a strategy that is based on the avoidance of the problems encountered when solving them is difficult or not worth it. This type of strategy for the application of the assumptions can be divided into three groups:

1. When a company has a sharp ability, but faces difficulties in specific activities;
2. When its competitive status is low;
3. When a company performs an inefficient use of options and risk assessment strategies fail to effectively utilize their resources and capabilities.

Another type of the corporate strategy is restructuring. This strategy is to be applied when there is a need to streamline operations, when this activity becomes diversified and adds up the volume, aggravating its effective management. The scientific literature identifies the following key types of restructuring strategies:

1. Bankruptcy – it can be positive and effective to the company, its executives, because it is like an opportunity to revitalize the organization, giving it a new shape.

2. Common activities – it is not only just joint ventures, but also various types of co-creation of a hybrid form of the company.

3. Joint venture – this is one of the options, allowing business to diversify or integrate. The main goal of joint ventures is to develop new products or activities, enter new markets and have a more efficient use of available resources.

4. The merger – this strategy is implemented by two or more companies connecting to one. The main objective of this strategy is to gain additional benefits from the increased value of the common activities. The merger is a variant strategy of the acquisition strategy. In this case, one company acquires another company with a controlling stake or just buys it from the owner.

So, it can be generally said that in the formation of the corporate strategy the most important factor is the company's mission with the resulting goals and idea. It is also important to highlight not only the processes occurring in a specific enterprise, but also the macro-environment and focus on its analysis.

Business strategy

Business strategy is a particular business to look for ways to allow the market to achieve a competitive advantage and help to solve strategic problems arising from the company in specific business. The traditional approach to the business strategy is the adaptation model. According to it, the main control problems can be solved by using one of three different strategies: defense, scouting and analysis. Conservative approach is applied to the business strategy of the defense strategy. This strategy is the realization of the principle, which is quite simple – the company is interested in a specific niche market which it occupies and works hard to protect it from its competitors. Companies are trying to find and exploit new market opportunities for the advantage, which is called 'we looked on'. They often migrate from one market to another, looking for new opportunities and service or product marketing niches. The organization is concentrated on those products, which provide a steady income and great care is moving into new markets, known as its exploration.

One of the most important things which need to be focused on is the development of the business strategy. The competitive advantage is its preservation. Also, it is important to find ways that would protect competitors from a market niche. Porter (1980) identified three strategies for acquiring competitive advantage: low cost, differentiation and concentration.

Low-price strategy is company's ability to efficiently dispose of their resources to guarantee the lower operating costs than the competition. Some of the key positive features of this strategy can be singled out: direct competitors, such as that a strategy allows to obtain a higher than average returns in the market and expand their market share, potential competitors – this strategy is effective because it reduces other companies interest in a specific market, buyers get double benefits as massive buyer becomes loyal to that company, which is based on the strategy of the buyer, satisfying their needs on a large scale, acquires security of suppliers, which are concerned, on the one hand, to save the purchase of cheaper materials, but, on the other hand, strategically important suppliers are able to pay more. Hunger (1994) argues that focusing on saving money without sufficient resources to the development can bring substantial changes in the technology, used for the whole cost, and reduction measures will not make sense. Also, it should not be forgotten that on the basis of this strategy, all the attention can be focused on one aspect of competitive success and there will not be noticeable variations in consumer demand.

Differentiation strategy is when profit is concentrated in the consumer value creation, which is relatively higher than that which is offered by competitors. Differentiation should cover the entire enterprise and the consumer perspective, tangible and intangible aspects, and not only have a relationship with the product features. This strategy makes the most sense to apply when users have different desires, the differentiated products. However, the lack of application of this strategy can also be seen. Changing consumer preferences and evaluation of products with greater emphasis on the relationship between the costs and the potential competitors is an advantage in the market position of the loss.

The concentration strategy is focused on the company's efforts in the mobilization of all available in a limited part of the market, or when no emphasis is put on the narrowness associated with geographic location, or with special needs. One of the advantages of this strategy is that it does not have significant resources to establish themselves in a small segment of the market, which is relatively small, and minor losses appear in case of failure. However, using this strategy, the company raises the risk of becoming very vulnerable to a lack of flexibility, and all the skills and technology are targeted to the specialized needs. If there are changes in the market, i.e., even though the product is no longer needed, or the price is decreasing, it can affect the complete collapse of the company. It should also be noted that the concentration of the strategy increases the risk, and that the activities are carried out in a specific segment, which depends on the macro changes occurring in the external environment.

Functional strategy

Functional strategy is the key functional area of plans. It is a form of an action plan, detailing how the organization of functional departments acts in the overall business strategy and goals of the individual functional areas. Functional strategies are usually composed of functional area managers. They create their works with subordinates, the leader of other areas. Company manager's duty is to review the functional strategy proposals to guarantee the support of business strategy. This type of strategy is drawn up for marketing, production, labor resources and finances.

The marketing strategy concluded that it would be based on the answer to the questions where, when and how to compete. This strategy relates to pricing, the company's manufactured products promotion and distribution. The marketing strategy consists of the following key functional strategies: product, market, pricing, distribution, promotion and international marketing.

The production strategy is related to decisions on the means of production and work organization. Its function is to develop and materialize a competitive product to the market. The production strategy is based on a number of conflicting group interests' assessment, it is considered as one of the most difficult types of functional strategies.

Labor resources strategy is focused on enterprise management education, employee compensation and the principle of distribution, etc. Two problems can be encountered in this strategy: a guide and staff salaries. Labor resources strategy depends on the company, its environment and the common strategy in nature. An example of that could be a study by Hunger (1994), who discussed those sectors, where companies use sophisticated technology. This strategy is based on the recruitment of highly qualified professionals from external markets, as well as salaries for the long-term performance of the system. Finance and accounting functions within each company have a strategic importance because it is responsible for one of the most important resources – money. The main function to be realized in the financial management strategy is the capital and the use of structure formation, which would implement other corporate goals.

Types of business strategies

It is necessary for businesses to develop strategies because it provides the most accurate ways to achieve the best results, it makes it easier to achieve the objectives and implement the company's goal. The scientific literature is generally divided into two kinds of strategies: corporate (general) and business (competitive) strategies.

Corporate strategy could still be called a single organization, or a great strategy (Hofer and Schendel, 1978). It is a complex, which generally diversifies an organization as one of the logics needed to connect a variety of activities. Specialized, but operating in different markets, organizations can also have this strategy.

The main purposes of the corporate strategy are the following ones:

1. Select and manage business units set (portfolio);
2. Combine and coordinate independent, in particular, on the business unit, strategies;
3. Determine resource acquisition and allocation of individual activities and policy priorities (Faukner and Campbell, 2006, p. 567).

The corporate strategy of the company is used to provide the business areas, in which the company expects to compete, as well as determine the general direction of all its business units.

The corporate strategy can be divided into the following types:

1) vertical integration;
2) diversification;
3) concentration;
4) high growth;
5) turn;
6) restructuring;
7) mergers and acquisitions.

Vertical integration is the most common type of the corporate strategy. The main idea of this strategy is to expand the company's competitive impact of higher overall activity levels. The key objectives of vertical integration are the following ones:

- expand the range of products;
- negotiating leverage over suppliers and buyers to the acquisition;
- use effectively a wide range of information;
- ensure resourcing;
- control the quality;
- reduce the impact on the overall performance;
- accelerate the product realization.

In practice, there are three common form of vertical integration:

1) Temporary contracts, which discuss some of the specific aspects of the exchange. They are varied, but the main negotiations are focused on the brand, performance standards, and other tax liabilities;

2) The arrangements for the profit and risk sharing;

3) Exclusive territories for exclusive dealing contracts.

The key strategic objectives are also identifided, which are expected to achieve the following goals through the strategy of diversification:

1) Reduction of risk;

2) Increase and stabilization of income;

3) A better use of company's resources and capabilities;

4) Gaining a greater influence in the market;

5) Investing in promising activities.

Activity concentration leads to a sufficiently high level of professionalism and attention to finding all the business opportunities, and monitoring adverse effects is immediate, concentrated on direct action, consumer needs and competitors' actions.

Researchers have explored concentrated ventures and identified three main strategies for this type of offered opportunities:

1) It allows the company's ability to form a substantial concentration of all the company's resources and capabilities and managerial expertise to become a company that reaches perfection in a single action;

2) It enable the use of its experience in order to be an innovative company;

3) The basis of its intrinsic ability to form high-performance enterprise-quality image of the company.

Intense growth is furthermore divided into 3 groups:

- Market penetration;
- Market development;
- Product development.

Market penetration strategy is aimed at the intensification of marketing factors, which increase the available products and services in their market share. One way to do that is the growth strategy, such as going to foreign markets. Lithuanian survey has showed that a large company is significantly larger than the number of foreign markets for small and medium-sized enterprises. This allows them to better diversify the risks associated with the potential for market selection errors – unfulfilled expectations or even losses occurred in one country can be compensated for successful performance in other markets. Small businesses risk of export markets due to the low degree of diversification is higher.

In order for companies to start-up or develop their business in foreign markets, it is necessary to adopt a new level of strategic decision-making activities related to the internationalization process of a series of initial prediction steps, which then leads to the optimality of operational success (Žukauskas, 2000).

Internationalization activities require not only general knowledge of the business, including an international organization, but also knowledge of the specific market concerned. Knowledge in this case is the qualitative characteristic of human resources.

Market development strategy is implemented through the same products and services to new markets. This is one of the most frequently used alternative growth strategies, enabling the use of positively changing business opportunities. Market development strategy is viably applied, when:

- a successfully expanding company develops its business;
- there is a new market;
- the company has sufficient organizational, potentially qualified resources.

Product development strategy is a business development by improving the quality of products or services, or expanding their features and use range of options. This strategy is applied when the following requirements are met:

- When wide competition with frequent changes in technology affect demand structure and consumer behavior;

- The main competitors are offering better and more competitive products;
- The growing competition branches;
- The company has adequate product development and innovation ability.

The main idea of turning strategy is to bypass the problems, if it is difficult or not profitable to solve them. This type of strategy for the application of the assumptions can be divided into 3 groups:

1) When a company has a sharp ability, but faces difficulties in specific activities;

2) The company's competitive status is low;

3) The company carries out an inefficient use of options and risk assessment strategies effectively uses its resources and abilities.

The restructuring strategy is a viable option to use when it is needed to streamline operations, and when this activity becomes too diversified and adds up the volume, aggravating its effective management. The scientific literature identifies the following main types of restructuring strategies:

1) Bankruptcy – it can be a positive and valuable to the company and its executives, as it is as an opportunity to revive the company, giving it a new form of the principle;

2) The total activity – it is not only joint ventures, but also different types of co-creation of a hybrid form of the company;

3) A joint venture company – it is one of the ways to diversify company's activities and integrate. Setting up a joint venture is done with the aim to develop a new product or service activities, entering new markets or improving the use of resources.

The merger strategy is realized when two or more companies connect to one company. The general idea of the strategy is to gain additional benefits from the increase in total value of the activity. The strain of the merger strategy is the acquisition strategy. In this case, one company acquires another company with a controlling stake or just buys it from the owner.

Another type of the strategy is business strategy. This particular business strategy was formed by Palubinskas (1997), who found ways to achieve the competitive advantage in the market and the company emerging strategic issues.

The traditional approach to the business strategy is the adaptation model. According to the adaptation point of view, the main control problems can be solved by using one of three different strategies: defense, scouting and analysis.

One of the most important things to be taken into account in the development and use of business strategy and the competitive advantage is its preservation, defending against competitors' actions.

Porter (1980) distinguishes three strategies for acquiring a competitive advantage:

- low price;
- differentiation;
- concentration.

Low-cost strategy is the company's ability to effectively manage its resources, and thus, achieve lower operating costs than a competitor. The main peculiarities of this strategy can be specified:

1) For direct competitors, such a strategy allows to obtain a higher than average returns branch, to invest in other competitive advantage factors relevant to a competitor, to expand its market share;

2) For potential rivals, this strategy is most convenient, because there is a reduction of the interest of such companies to enter the market;

3) The buyer in respect of the benefits is two-fold. A bulk buyer becomes loyal to this company, which uses this strategy, and the buyer has to buy in bulk, gaining security;

4) Suppliers are concerned, on the one hand, to save the purchase of raw materials, and on the other hand, as a result of economies of strategically important suppliers for the raw materials that can pay more.

Low-price strategy also has some drawbacks:

1) Focusing on cost savings and without sufficient resources to the development, it can bring substantial changes in the technology, used for the whole cost reduction measures, which will not make sense.

2) This strategy may focus on one aspect of competitive success and there will not be noticeable variations in consumer demand.

3) This is a simple strategy that is easy to imitate (Hunger, 1993).

Differentiation strategy is for-profit companies, developing consumer obtaining a value that is different and higher than its competitors. Differentiation cannot be confined to the specific features of the product, but to cover the entire enterprise and consumer relations complex, tangible and intangible aspects (tangible peculiarities associated with the observable characteristics of the product or service, and intangible (more based on emotions (feelings)).

Concentration of the strategy is that the company focuses its efforts in a limited part of the total potential market – in a limited geographic market, or just satisfying special needs. One of the advantages of this strategy is that it does not require significant resources to establish themselves in a small segment of the market, which is relatively small, and small loss in case of failure. In addition, through specialization in a particular activity, one can achieve a perfect service, marketing and also increase their competitive edge and limit risk. When selecting the concentration strategy, there is a risk that the company becomes very vulnerable because it is not flexible, and all its skills and performance-oriented technology is focused on the special needs. If there is a technological change and the product is no longer needed, or the price is decreasing, it can completely stop the work. These strategies are applied when there is an increased risk that the specific activities of the segment depend on the macro processes taking place in the external environment.

After the analysis of the types of business operational strategies, it can be said that the selection of an appropriate strategy often leads to a company's size, its main goals, purpose, management style, etc.

6. Transnational strategy of business organization

Over the last half-century, the whole environment, in which we live, companies operate and life boils, has changed. In order to survive and continue to grow, companies and institutions had to develop new survival strategies, change their behaviour and adapt to innovation. One of those ways was internationalization. While changing enterprise environment, the general theory of internationalization has also changed, which has been well-established for many years, and now it is often used in entry and exit strategies in combination.

One of the aspects of the internationalization is globalization, which is characterized by the current business environment. Globalization is a way to become an independent company in the global market. It is similar to a chance to cooperate by taking the example and experience of other countries.

The economic reasons for the change are related to the globalization of markets. Globalization is described using the following factors:

- Telecommunications progress;
- The acceleration and the effective corporate communication;
- The transport of the progress and the accelerated movement of goods;
- The production process of innovation in the development of more advanced and cheaper goods of tillage tools;
- Lifestyle internationalization;
- Consumer needs convergence;
- National Economic Development.

Companies that wish to participate in the international market are divided into three stages:

- Initial entry into the international market;
- Local (national) market expansion;
- Globalization.

Žukauskas (2006) points out the following steps:

1. Pre-international (before international). The company operates in its own country, but it is already starting to get ready to expand its activities abroad.

2. The initial penetration (the first turn). The company selects the location (country), examines the ways of market penetration to determine the time and penetration stages and evaluate the price. After analyzing the data, it starts its operations in a foreign country.

3. Expansion of foreign markets (local market expansion). Then, when the company's activities abroad become stable, it can begin to expand into other countries. Again, testing existing strategies for improvement and re-entrenchment of the parties going on in the market begins.

4. Activities abroad, globalization (global rationalization). This stage is reached at empowering businesses that are trying to gain control over the foreign market. This stage is reached by only those companies, which have large production capacity, strong and tested strategies.

Each company has their own reasons for going to penetrate foreign markets. The authors also define different markets and reasons for penetration.

Žukauskas (2006) distinguishes between the following reasons:

1. Local market saturation, which occurs when the domestic market is already glutted with competitors manufactured products.

2. The unique product. The company produces a product, which is rare in the international market.

3. Users move abroad. The company follows its customers to another country, in order to meet their needs.

4. Risk diversification. Geographic and product diversification of production allows companies to keep good company targets, and it also keeps them when the economic situation worsens.

5. Reducing production costs. In each country, the raw materials, labor resources and the production costs are different, so companies are luring towards a lower cost of production.

6. Supply of raw materials. Company are fastened in countries, where raw materials are optimal.

Other authors state that penetration into international markets is often divided into the causes, which are internal, external, etc. Internal factors are the following: increased profit-making, unique product, company image, too narrow local market. External causes include the following: competitor pressure, low turnover of sales in the local market, satiate local market. Moreover, reasons of the future are the following: development of new markets for expansion, income growth, the new production line. However, there are also defense reasons, such as local market space preservation, foreign market preservation, raw materials, technology. These reasons cause businesses to penetrate foreign markets. It is important to note that companies assess their penetration of foreign markets.

Due to limited resources, companies do not always export products and manage to take advantage of all the opportunities offered by the international market. Therefore, it is very important to evaluate options and prioritization. The success of foreign markets is largely determined by the following:

- In the initial stage, it can lead to further activities of the company;
- It will determine a company's success or failure;
- This is further affected by company's decisions and coordination.

International cooperation in the supply of products starts with the following:

- In case of foreign order;
- Business partner's offers;
- International exhibitions and competitions.

There are dozens of other ways, in which international cooperation with foreign companies can be started, such as the following ones:

- Psychological closeness: familiar and easily accessible market;
- Neighbour countries.

Before the company penetrates the market, it is very important to assess the following characteristics:

- Market selection;
- Time;
- Government policy and regulation;
- Company size;
- Product Characteristics.

When organization decides to operate at the international level, it has considerable work, in addition to the mentioned concerns. An organization, which is aiming at addressing or going to the international market, needs to look at another side and be ready to accept the culture and respect for the traditions of the country, adhere to business etiquette, understand everyday's consumer interests, understand the rhythm of life in the country, be able to establish long-term and reliable personal contacts with foreign partners. One of the most important issues of the international expansion of goal setting, which defines guidelines for appropriate international action strategy choice, is the relationship between international expansion strategy and target alternatives, which can be very diverse.

It is difficult to find a rationale to facilitate the development of an international strategy and justification. There are three significant areas of analysis: the need for global strategy and national characteristics to assess the need and the organization's history and culture. Global strategy for the choice of expediency can lead to two factors on a global scale, which can be cost-effective to produce the entire product or a component of it. On the other hand, customer demand can be basically the same all over the world. National evaluation of the need for product's features does the opposite effect in relation to the international strategy of choice, encouraging business specialization by individual country strategies, rather than the global business strategy. Each country may have very different tastes, as well as different policies to promote this country-specific foreign companies' strain. Also, social circumstances may stimulate the production of specific products to certain countries. Organization's history and culture have a significant impact on the national strategy of choice, because it can both exacerbate and facilitate adaptation to the acceptable norms of international agreements and conditions.

Typically, the global expansion strategy should take note of national characteristics. Often, the most difficult problem is to balance the strategic global expansion of the response to national characteristics. In addition, some companies may feel global expansion and response to a specific national need for pressure. The company that does not feel any pressure of the abovementioned statements may sell its products internationally.

During the last decades, a variety of international strategies has been developed. Amongst all of them, the minimal ones are the following:

- Multilateral strategy, which is characterized by selecting one or more countries with the most favorable competitive situation and increasing the number of customers;
- Low cost international strategy, which is characterized by its branches located in countries, where is the minimum of expected production costs. Products are sold internationally;
- International harmonization strategy, which is characterized by the other party going to the market to adapt to the country's national characteristics;

- International niche strategy, which is characterized by its activities in the future, concentrating on a known market niche.

Hill (2005) provided a table, which is described by the penetration of the market and identifies its strengths and weaknesses. Companies evaluate all these aspects, and it remains to evaluate which method they will use for the penetration. Companies' choice also depends on other aspects, which have a significant impact on their decision.

• The entrance to the market and to their elements •

Entry method	Advantages	Disadvantages
Exports	A pretty simple way to enter the market; An easy way to gain knowledge about the country; There is no need to create its own organization in other countries; The cheapest way to start an international cooperation with foreign countries.	Transportation costs may be higher; There may be a need to deal with customs and other restrictions; The company may have less impact on the marketing and distribution.
Licensing	The company provides the rights to another company to manufacture and market its products; The least risky entry into foreign markets mode; Guaranteed income from the product; Allows entering into the markets, where entry is limited to duties, import quotas; Production is close to the consumer; It does not require a big investment.	The company loses control related to the product quality and delivery; Relatively low rate of return/profit level; There is a risk that the purchaser of the license acquires the technology to absorb and become a competitor at the end of the license period; There is a risk that the purchaser of the license experiences a shortage of capital, especially in cases, where it is necessary to expand production; Direct control deficiency.

Franchise	Increased inspections; Low input costs; Greater opportunities to exploit local market knowledge and expertise; This could be a first step towards direct foreign investment; Opportunity to expand their business, going to other markets.	Franchisee search takes time and it requires a lot of resources; The unique product/service creation requires a lot of resources and effort; Business expertise can do for the potential emergence of a competitor; Local laws, money transfer.
Strategic alliances	Cooperation and joint ventures; Allows the company to share risks and resources in order to enter into foreign markets.	There may be difficulties in cross-cultural cooperation between enterprises; Partners may not understand one another's strategic intent or experience that over time results into more and more targets being discarded.
The joint venture	Reduced by political and business risks; Pooling resources and know-how for one purpose; Avoids business constraints associated with the local customs payment; In case of failure, risk is born by both partners; Less expensive than the purchase of the company.	There may be different partner interests; Partners have a long investment, so it is difficult to break the ties; Flexibility and confidentiality decrease; Disproportionate contribution of the partners; The loss of control. Larger investments require more stringent controls.
Acquisition	The rapid entry into new markets; The ability to access distribution channels; Takes over the local knowledge and experience, management experience; The availability of strong brand names.	A very expensive way; High risk; Communication and coordination problems.

7. Strategy and organizational structure

Once strategic management team conducted a strategic analysis, it is possible to move to the second phase of the system, which consists of all complex tasks. Strategy or strategic planning stage can be started, where there is a decisive role in the organization of the target orientation, background and the strategic framework, which includes vision, mission and goals.

Thus, the strategic planning stage, first developed in a visionary organization, clarifies the mission and main objectives, basic principles of the organization excretion (some are standards, which will be used in the implementation of the vision of the future) and, most importantly, the strategic objectives of the exclusion (what the organization plans to change, improve, achieve the company's self-imposed vision of the future). Below, there is a description, which is an example of linking the vision and strategic objectives. Suppose that a certain company's future vision to enhance the company's value of fulfillment of this vision has formed key strategic objectives, the company covers areas, which are expected to have a major impact on the future prospects of implementation – finance, customers, internal processes and human resources. Therefore, vacated the essential, the organization of the future vision will help achieve the goals, continue to be required to plan, develop strategies, specific tactics and company's aims.

As stated by Metz (1984), a comprehensive, long-term strategy must be developed in conjunction with each horizontal and vertical organization of communication. It should include all of organization's systems and procedures. The long-term organizational performance improvement cannot be achieved without sustained analysis of the results and evaluation of plans and strategies for adjustment, in addition to ensuring the long-term result of the need to overhaul the entire organization and change management philosophy and style, and the same company's culture and climate. It can be argued that the strategic planning process, as well as the entire strategic management system, requires feedback. The key point is not only to plan and carry out certain procedures and actions, but also to continuously monitor and, if necessary, to improve the whole thing in order to achieve long-term positive results of all the action and gain a sustainable competitive advantage.

For a more detailed strategy and structure of the inter-relationships, Mintzberg's proposed methodology can be used, which includes each organization on six main parts and the coordination of six major methods that incorporate these part. The listed components must be coordinated, so that the organization is able to provide added value. Six coordination methods that allow the combined organization methods mentioned above are as follows:

1. Mutual adaptation;
2. Working process of standardization;
3. Quality norms;
4. Excellence standardization;
5. Direct control;
6. Product standardization.

Using these fundamental parts of the organization and coordination of these components methods, Mintzberg formed six configurations: mercantile organization, machine organization, multi section structure, missionary organization, innovative organization and professional organization. Every organization additionally describes some organization's external and internal characteristics. The configuration names reflect their most important properties, and their importance is that they clearly show a consistent pattern: different configurations of different marketable strategies.

In order for the organization to be able to provide the added value, the listed parts must be coordinated. Six coordination methods that allow the combined elements of the above-mentioned organizations include:

1. Mutual adaptation, using informal communications;
2. Direct control, which can be applied using the strategy to the top of the inner loop and an operational base;
3. The process of standardization of the definition of the ways and methods of how the work is done;
4. Product standardization, the detailed specification defines the operating result – products and services;
5. Mastery of standardization, the details of the employees' mastery of skills and knowledge between their requirements;
6. Strandartization, which helps ensuring that the people in the organization follow the same beliefs, values, etc.

Using the first main part of the organization and methods of coordination in these parts, Mintzberg identified six major types of organizational structures, called configurations. Each configuration is characterized by certain organizations external and internal characteristics, as well as a major part of the organization's objectives and the main coordinating mechanism. Configuration name reflects its most important features. The importance of the matrix is that it clearly shows the consistent pattern: different configurations of different marketable strategies. Most organizations will not exactly match any of the configurations, but the configuration provides guidelines for the structure of the organization and its relations with the policy.

• Mintzberg organization's strategic configuration •

	External characteristics	Internal characteristics	The main part of the organi-zation	The main coordina-tion mechanism	Example
Mercantile organization	A simple and dynamic environment	A small and young organization	The strategic apex (manager or owner)	Direct control	A small computer services company
Machining organization	Fast-growing or cyclical market	A large and mature organization; defined tasks	A technical structure	Work stan-dardization	A computer collection company or a car factory
Professional organization	A complex and stable environment	Professional managers control exercised	An operative basis	Standardi-zation of excellence	The hospi-tal mana-gement or consulting firm
Multi-section structure	A diverse environment	A large and mature organization; there are strong internal relationships; standard criteria for the allocation of resources	An internal line	Product standardi-zation	A fast-growing consumer goods company

Innovative organization	A complex and dynamic environment	Mostly young organization; complex work; it attracts experts	A supportive staff	Mutual adjustment	An advertising agency
Missionary organization	A simple and strategic environment	Ideology is based on cooperation; small interest groups	Ideology	Standardization of norms	A charity or social activities

Types of organization structure

Traditionally, the structure of the organization depends mainly on the subordination and reporting aspects. In this regard, the following distinctions are six types of structure that can be used to implement a chosen strategy:

1. Small organizational structure;
2. Multi-section structure;
3. Matrix structure;
4. Innovative structure;
5. Functional structure;
6. Holding company structure.

Every organization needs innovation elements, therefore, every organization has a structure of commands, which stimulates innovation in the organization. They may be temporary and only put the work to be carried out. To sum up, the practical work of specific companies receive the following conclusions: innovative companies are the most common type of the matrix organizational structure. They are often very valuable parallel structures, as the most typical style of leadership, which relies on the cooperation between players.

Organization's structure design

Operating organization already has its own structure, so the main task is not to invent a new one, but to adapt the existing structure. The initial organization's structure is determined by the following factors: age, size, environment, value chain, technical operations content, decision centralization and decentralization of different tasks in different parts of the organization, culture and leadership. Also, the development of an organizational structure cannot be released from the sight of these most common criteria: simplicity, motivation, organizational structure and the minimum cost. Organization's structure affects the environment and nature. Thus, it is useful to focus on four key environmental characteristics that act as a structure: the speed of change, the degree of difficulty, the competitive situation and the market complexity.

Appropriate organizational structures and management systems for the formation of a very important, but not sufficient, successful realization of the strategy has certain conditions. No less important, and actually, often more important, is a favorable climate, changes in strategy and support of the formation.

8. Implementation and evaluation of strategy. Strategic change management in business organization

Implementation of business organization's strategy must be carefully controlled. The control system must ensure that staff's intention is to effectively implement scheduled tasks and goals. In this case, it is the most important success factor for the organization and performance, which is determined by market share and financial results.

Implementation is rarely easy, even when a thorough study of options has been conducted, and stakeholders' views have been taken into account throughout. In extreme situations, the difficulties in deciding whether and how to implement a strategy may act as the final barrier to implementing a chosen strategy. There are a number of examples of good practice, often associated with the vision-led approach to planning, but there are relatively few studies of how good practice has emerged. Therefore, this section is based primarily on common sense and on observation of those cities, which have been successful.

The barriers of implementation are as follows:

1. Legal and institutional barriers, including lack of legislation to permit a given policy instrument and lack of direct responsibility for it;
2. Financial barriers, including lack of funds and restrictions on what funds can be spent on and when;
3. Political and cultural barriers, and in particular, opposition from those adversely affected;
4. Practical and technological barriers, including site availability, engineering details and technical performance.

As noted, an inconsistent or incomplete process of strategy formulation may also serve as a barrier to implementation.

Mostly, top managers complain to their employees about the fact that such results are rarely what is expected of them. This is because different levels of the organization differently perceive priorities and carry out the works that should be carried out. Even if management creates a great strategy, the daily work is often completely unconnected. No strategy is ineffective if it does not run (Sudnickas, 2009). Therefore, the strategy for talented leaders is to see the changes at the threats and opportunities. They should constantly explore changes within the organization and outside it in order to take advantage of those changes in order to benefit the organization. Drucker (2009) refers to three main rules, which they must follow:

- The need of everything running organization development;
- Each organization must be able to use its knowledge;
- Each organization must be innovative, and the innovation process must be organized systematically.

Ansof (2007) was one of the first to present a balanced strategic planning methodology, which includes strategic planning concepts. It is the dominant conception of the organization as an open socio-economic system, operational effectiveness of which is largely determined by processes that take place outside the organization, which is the environment. According to the prospective scholar strategy action plan, it is necessary to focus on strong and weak signs of the coming environmental remediation and assessment. It is one of the first strategic and long-term planning based forecasting beginnings. Its key idea states that the success of the organization‘s existence is a necessary adaptability to changing business conditions. Although in most cases Ansof (2007) speaks about the essence of the strategy, there is no definition of the strategy and concept. Jucevičius (2000), when talking about the nature of language strategies, introduced a set of rules, under which the organization is guided by the adoption of management solutions, which are the following ones:

a) rules for assessing the current and future performance of the organization;
b) rules on how to handle its relationship with the environment, consumers and other market actors;
c) rules expressing the company‘s organizational concept, which are the internal relationships and procedures;
d) rules outlining how an organization carries out daily activities.

World experience has proven to be much more efficient and more profitable in those organizations that have strategic plans and implement them not only for the sake of implementation, but also for proper control. These strategic plans can be of several types. They are divided into long-term, short-term and operational plans.

A successful strategy implementation is no less important than a good strategy. Even the best, but not implemented or poorly implemented strategy is useless. Realization of the process can be improved, even in not the right strategy. Thus, the strategy implementation process consists of the following steps: the annual goal-setting, action program and the allocation of resources.

In order to implement the strategy, the organization has developed the appropriate actions and the measures program. Strategies for the implementation of the process steps are necessary to provide a whole, because they provide a selected strategy and the implementation of decisions.

Strategy implementation process includes the following activities: the ability to realize the organization‘s strategy; administrative support and information systems; provision of financial and other resources necessary for plans, strategies for creating a favorable climate and support agreements; operational guidance on key strategic performance targets, adequate management style and climate formation.

Implementation of the strategy at the stage of action as a whole is aimed to ensure the selected strategy and implementation of solutions. Retailers‘ strategy is schematically illustrated, where the identification of four main components are as follows:

1. Functional setting of strategic goals. Strategic objectives and strategic decisions are formulated by all organization. Objectives and solutions of the organization are designated by the organization‘s services: marketing, production, personnel, etc.

2. Special plans. Functional strategic goals implement the decisions that are specific plans. They lay down more detailed final and intermediate tasks defined as tasks deadlines, provide specific promoters tasks and assigned resources.

3. Resource allocation and budget planning. Organization strategy and implementation of decisions provide for adequate resources. Budget planning strategy helps to balance the funding provided to the financial resource accumulation sources.

4. Monitoring and control procedures. Implementation of the strategy is realized for a long time. Implementation of the strategy must be monitored all the time and captured some intervals of the actual realization of the strategy results.

The medium-term and long-term goals for the annual (short-term) goals are also important. More often, they are specific, because they dictate what must be done in the near future. Annual targets show how intense the organization needs to be to move forward. They also allow the assessment of medium-term and long-term objectives. Some short-term goals of the program are also developed, specifying what are the obstacles to the implementation of the tasks, which are necessary to achieve the purposes of allocating responsibility for their implementation, their time limit and the method for determining whether a task has been completed .

The program is important for the following reasons:

- It establishes the limits of the company‘s activities;
- Implementation of the strategy is the basis for all assumptions made and the company‘s solutions;
- It defines the obligations of the employees of the chosen strategy;
- It provides the strategic and operational control of motivation.

Putting strategic programs, managers need to focus all their attention on the strategy in the implementation of the program and ensure that the necessary resources are available. Resources are people, who have skills in implementation of the strategy, the corresponding budget allocation of adequate budgetary framework and promoting the company‘s strategy in the culture, the strategy necessary equipment and technology.

Employees of the organization must be made aware of the strategies implemented by the goals, objectives and benefits. They need to understand that even the slightest input from the implementation of the strategy will yield positive results. Also, managers should try to bring those workers, who are most influenced by the realization of the strategy, upon which the success of the organization depends. Financial resources should be allocated to those matters, for which it is most needed. It may be appropriate technology deployment, technology acquisition, training, re-training, salaries for strategic ideas, etc. Implementation of the strategy in action is necessary to provide a whole to ensure the selected strategy and decisions. It is necessary for each operation and for defining the measure in terms of performance. Strategies for the implementation of the program selected have to be monitored and controlled.

Strategic control is the organization‘s objectives of ensuring the process. It approves and implements a strategy to be developed. Striving for excellence, strategies are performed for its control. Control is a critically important and challenging management function.

Strategic control assesses how effectively the organization‘s strategy is implemented to achieve business objectives, and is focused on the structure of the organization, leadership, technology, human resources, information systems and operations. This control is needed to determine whether the chosen strategy achieves the goals of the organization. If one or another area of the chosen strategy does not achieve the desired results, it must be replaced. Thus, this control takes place at the highest level and includes all activities of the organization. Strategic control is closely related to the strategic planning of each area for both strategic management phases.

Strategic control determines whether the chosen strategy is implemented as planned, and if the results are as they have been designed. If there are deviations from the plan, control system should be able to fix them. Managers, who do not try to co-ordinate planning and strategic control, observe winning small battles, but they lose the war (Kreitner, 1992). Objectives are based on a common purpose (mission), folding down the planning, when the plans become reality, controlling the activity and pooling the results forward to the leadership.

Strategic control is a subsidiary to strategic planning. The most difficult job is to determine whether workers make effective decisions, e.g., if you hired a marketing head who poorly worked and was removed after only two years, it raises the question of who has accepted a bad decision: whether a person has been hired, or it was the director who hired that person. Of course, there are many circumstances that can lead to poor performance, but it can be said that the strategic plan is dependent on the proper selection of employees, and managers must carefully consider such decisions. It is important that every leader should offer new ideas or programs that need to connect the common goal.

The strategic control of the information obtained helps to do the following:

- to evaluate the use of resources to implement the strategy;
- to reveal the actual deviations from the strategic development of the approved strategy;
- to assess individual managers or other employees results in relation to the tasks provided for in the strategy;

- to monitor the external environment and to draw attention to the changes that are significantly deviating from the strategy adopted by the assumptions and circumstances;
- to provide feedback to ensure the timely transfer of resources, strategy adjustment.

Strategic control is directly related to the learning process because it is the same strategy, the formation and implementation of lifelong learning. It is suitable for control – direct and feedback – which is the basis for adjustment of the mission, goals, strategies, marketing plans, etc.

Control systems must be independent of financial benefit plans (budgets) and cost. The control system must encourage (rather than punish) to dispose of the default tasks and goals. All levels of control in the organization must be integrated to obtain sufficient information for their activities.

Strategy implementation process for the strategic management system

Organization strategy needs clear objectives of the company, its business policy, motivated and competent staff and resources, fair distribution of key area, resulting in a positive final result. The strategy formulates a new corporate culture, develops more effective organizational structure, marketing, attempts to improve organizational performance. In general, the strategy depends on the coordination of selection of the organization, where strategic area aims to benefit: the value chain or synergy. Of course, each organization‘s long-term competitive advantage enables secure communication between organization‘s unique value chain elements, since these relationships cannot easily imitate competitors for resources and lack of expertise. The situation in the organization of all activities as a whole is greater than the sum of its individual activities, which is called synergy. So, in order to realize synergies, effective coordination is essential.

In general, there may be very different strategy implementation process coordination techniques and methods. Individual organizations to create original co-ordination systems are different from each other and potential costs to cope with environmental uncertainty. According to Vasiliauskas (2007), increase of the effectiveness of the coordination mechanisms is available by linking them to the organization‘s system and incentive system.

An important role in the implementation of the corporate strategy is performed by the allocation of resources, which is also important for all stages of the strategic management system successfully implemented. Organizations resources potential consists of three components – human resources, financial resources and operational resources. According to the strategic point of view, not all components of resource allocation is equally important. Without a doubt, the most important is the allocation of financial resources, because without financial resources, work and the organization itself cannot exist.

It is important that there are different sizes of companies and organizations, because resource allocation trends are different, too, but in the scientific literature of this area there are three criteria, which should be taken into account in the allocation of resources. In particular, the importance of resources in the organization‘s mission and goals should be evaluated. Based on this criterion, the basic resource allocation task is to move them out of the areas that the organization‘s mission and purpose has little influence on, which, in this context, includes a significant contribution.

Almost all the organizations in the allocation of resources are faced with a major problem – the required amount of funds in excess of the real possibilities, therefore, it is necessary to introduce additional criteria, by which could be identified key strategic area. Basic competencies and value chain as a key strategic direction are proposed to be identified, which should be directed funds. All of this is motivated by the fact that the maintenance of basic competencies and value chain for certain components of the development and enhancement can secure a long-term competitive advantage.

So, the last criterion, which focuses on the strategic management direction of literary authors, is strategic project decisions and the degree of risk. What is clear is that the higher the risk, the greater the likelihood that the funds for a specific project will be used to post. Therefore, it is important to decide on the degree of risk to take for each company.

While the organization‘s role in the allocation of resources of the entire strategic management system is important enough, but for a specialist in strategic management literature it is recommended to focus on strategic projects allocation efficiency that can be achieved only by continuous monitoring and control of the strategic implementation of the process. In this way, it can be proceeded to the last stage of strategic management – strategies for monitoring and evaluation.

Strategic evaluation and control of strategic and change management theory

Each organization strategy should be monitored periodically to determine the actual implementation of the strategy and the results of changes in the environment. Monitoring of information collected enables control strategy. Strategies for the implementation of control procedures allows corporate managers to evaluate and compare the actual results with the objectives of the strategy and solutions, sets the main deviations from the selected organization‘s strategic direction, simply to identify those deviations, which determine the internal and external factors. Control data is necessary in order to make timely decisions to eliminate the negative deviations. Enterprise strategy evaluation can be carried out on the basis of its structure, assessing the effects of the individual components and results.

At the top of the diagram, each company is represented rudimentarily, linking internal and external elements. Strategic evaluation begins based on the final performance of the firm. The final result is the company‘s profits, which depend on the customer satisfaction organization providing products or services, which quality and other necessary conditions depend respectively on the same organization – its structure, processes and methods used in the whole, the available resources of the company, which consist of people, equipment, etc., for an organization to work with any supplier, supplying raw materials companies. Thus, the communication circuit is formed between the work functions and the internal and external environment information. Reverse links indicate the control function, which is essential in assessing and controlling each of these areas individually, one can identify which part of the chain is the weakest in finding ways and means to solve by some kind of chain of negative consequences.

It is important to emphasize that the study of communication between the company and the structure of the strategy depends on the type of methodology, which is based on the strategic management of the company, under the prescriptive approach on a consistent strategy and company structure connection, when one initially creates a strategy and then forms the organization structure. Based on the theory of emergent methodology for two-way strategy and corporate structure of the relationship, the strategic decisions depend on the structure, and it in turn affects strategy.

Based on the strategic management literature in the field, the strategy of evaluation and monitoring methods are secreted, based on the action plan. Bivainis (2006) identifies the organization�What's plan of accounting and control, the action plan, the results of the analysis and the evaluation methods and the action plan for the implementation of the analysis and use of evaluation results.

Talking about the first type of accounting and control, it is crucial to assess the changes that occurred on the implementation of strategic decisions, separating them from the rest of the organization of external and internal changes. In order to solve this type of task, authors have offered a variety of methods, e.g., organizations‘ identification of environmental changes is ideal for enterprise complexity and turbulence analysis of the influence of interest groups and survey methods, internal changes in the set can be used for the company‘s personnel surveys, cost-benefit analysis and feasibility assessment method. Statistical analysis methods are applied, when one wants to establish a connection between the company‘s action plan for the implementation and impact of an organization‘s internal and external changes. Such results can be used to summarize the popular SWOT analysis.

Organization action plan for the implementation of the results of the analysis and evaluation methods can be a systematic analysis of the use that can be made rational or judgmental synthesis. Assessing the relationship between company‘s performance and strategic decision, e.g., the action plan for the implementation of the results, etc., can be used for regression analysis. Finally, based on the results of the implementation of the action plan, the company‘s strategic decisions adjustment or complete replacement must be decided. The adoption of any of these solutions can be applied to mitigation methods or emerging opportunities for the use of new options and tools.

Thus, strategic management is not limited to the strategic plan, and a strategic plan for the measurement and evaluation of the results is carried out and implemented, which in turn leads to certain changes in the company. The most important issue facing the business organizations and foreign countries, including Lithuania, is an effective change management to dynamic market conditions. With regard to the management of change, it must be stressed again that each enterprise changes management theories and methods for the selection are determined by the strategic management model, on which it is based.

Prescriptive approach in terms of strategic change includes strategy factors. According to Vasiliauskas (2007), the main change management models are to be determined by Kanter‘s model, which distinguishes three strategic change management process steps, and their names identified with the name of the form changes – the identity of the organization changes, transition and coordination problems appear, through the organization of the life cycle phases the organization of political aspects changes control, and Lewin‘s model, in the application of which there are three steps in the management of change – the current approach is thawing, transition to the next level, a new approach is freezing.

According to the methodology to be developed, strategic changes are associated with all of the strategic management processes or strategies after holding other actions, so the most prominent emergent change management theory is a learning theory, where the organization is chosen suddenly, unexpectedly, and it is constantly seeking to study, experiment and communicate, and strategic change is based on five forces theory, which summed up the strategic change management empirical studies, which have demonstrated that the most important factors are the environmental assessment, leadership changes, strategic and operational changes in the merger, strategic human resource management and change management harmony.

Strategic decisions

Leadership basis includes decisions. Leaders must continually evaluate different alternatives and decisions, despite the importance of the question of whether it is only a local nature, the need for a strategic decision. Leadership styles are different, such as a large variety of solutions. Strategic decisions are vague, uncertain, risky, so the decision will have to be carefully analyzed. Many companies, when adopting strategic decisions, do not like to risk, but it should be known that the lower the risk, the lower the potential profit company. Therefore, before making a strategic decision that will determine the company‘s activities, it is recommended for the next five years to evaluate in depth a number of alternatives and provide prospects for the future, not only live in the following year or, even worse, what was five years ago.

The following are essential for strategic and operational decisions: strategic decisions – decisions relating to the company‘s substantial problems arising from the interaction of the firm with the environment, and agents providing its exclusive advantage over other companies; operational decisions – decisions relating to internal operational day to day activities of the company. It is recommended not to elaborate strategies for operational-type solutions.

The company‘s strategy consists of a structured and logical set of strategic decisions. Every strategic decision can be seen in three aspects: content, process and context. Content is the company‘s scope of operations related to the strategic decision. Process is related to the strategic decision of linking the exchange of the company‘s internal environment. Context is an environment, in which the preparation and implementation of a strategic decision takes place.

Decision choices can lead a company to external opportunities (threats) or the company‘s internal weakness (strength), which are highlighted through strategic analysis. Among the strategic decisions of existing networks and dependence, some strategic decisions do the decision, and the same decision also affects other decisions. In order for the company‘s strategy to be in itself uncontroversial, strategic decisions have to be related to each other. According to the content of strategic decisions, they can be classified into three groups: the orientation of the target company defining the strategic decisions of the resources based on strategic decisions, market-based decisions, strategic decisions.

Successful company‘s strategies depend on the professional decision-making. First, realism needs to be achieved, avoiding formality, while trying to make the company‘s strategy. Strategic decision‘s efficiency describes the following features: proper use of time, correct and high performance solution, the decision to implement the mood of all staff. Following the decision, the ability to solve problems increases, rather than decreases.

One can cite a number of strategic decision-making methods, the application of which would make the right decision, given the company‘s strategic management issue:

- Authoritarian (decisions taken by the designated manager (owner), but not with other team members. Minimum time is wasted and there might be difficulties in the implementation of the decision);

- No discussion of decision-making;
- Expert (Expert decision making is based on expert opinions and suggestions. Therefore, it is necessary to select the relevant expertise, clearly formulate his problem. Having trouble choosing the expert opinion of the members of the team is ignored, and it can interfere with the execution of the decision);
- The average opinion of the members (Meaning of opinions is to listen to all the views and opinions of the average. Individual errors and extreme opinions can be refused. It is usually better to use after any other method of solution);
- Authoritarian after the group discussion (authoritarian decision after group discussion happens when the problem is considered in the meeting, there is a debate, and the decision is made by a head. This makes it possible to listen to suggestions of others and to make the decision on one‘s own);
- Minority (minority decision is based on the fact that the decision is taken by the staff members of the minority. Decisions taken by this method must involve all members of the group, and this method is not effective);
- Majority (the majority decision method is based on discussions before the opinion accepts the support of more than 50 percent of members);
- Consensus (This method is the most effective, but decision-making takes a long time. It is often difficult to reach unanimity, and usually a partial consensus is reached. It is important to encourage members to get enough time to reflect, to listen carefully to the opinions of others, to assess the differences of opinion, to gather additional information to clarify malfunction to look for better alternatives. This method enables to take high-quality solution for all included in the implementation of the invoked abilities, etc. Decision-making quality, using any method, depends on the time spent).

Summarizing the decision-making process, corporate governance is important. Decision-making models are different. Rational decision-making in planning is often effective, but the key point is to properly understand the problem and find alternatives to more frequent ones through „brainstorming“ and other methods. With plenty of options and a strong sense of purpose of the decision, the right decision may be made. Decision-making in planning often has to follow general rules, but how to follow best the model of decision-making it is hard to say. It depends on the complexity and importance of the decision. Daily decisions may be taken by a rational model of alternatives based on experience, values, intuition and regulations, but the company‘s original planning application should be a rational model for detailed examination of the situation and analysis of alternatives, the best solution can be accepted, giving rise to the company‘s continued success. It should also be emphasized that there is no consensus as to which strategic decision-making method is the most appropriate one. It is worth considering the surrounding environment, time, and other criteria. It is useful to be creative and find methods of synthesis capabilities. Creativity is an important strategic decision-making, especially in a dynamic, constantly changing environment. It provides unique, distinctive features of the organization, which is difficult to copy. This is a competitive advantage approving factor.

For the strategic decision-making body, it is very important to have the knowledge to accomplish the identified problems to solve.

9. Balanced scoreboard system in business organization

In the scientific literature, the balanced scorecard theory expresses the quality of the organization's systematic approach to quality management. It opens up opportunities for the organization's mission and strategic goals of transforming into detailed operational objectives, criteria, indicators, benchmarks and procedures (Kaplan and Norton, 1992, 1996). This kit is used as an instrument for quality assurance purpose, to facilitate the quality of research, evaluation and development of the related authority leaders. According to Kaplan and Norton's view (1992, 1996), the organization is a strategic management tool. Interpretating the words of the authors, using the balanced scorecard instrument, the quality of an organization is viewed from different positions of the participants' basic organization and its marketed products or services to consumers. This means that the development of indicators of sustainable quality depends on the assurance instrument of strategic tasks, criteria, indicators and expected outcomes according to the organization's financial, customer, internal business processes and initiatives (or learning and growth) prospects. Their whole show and integrated (or balanced) approach to quality assurance is a study of cause and effect. Thus, achieving high-quality organization is defined by not one, but four-way change management organization selected, based on a systematic approach to multidimensional complex of factors, from which the communication belongs to the organization's high quality (Išoraitė, 2008).

Modern technology and manufacturing processes have created new requirements for the management and control systems (Olve *et al.*, 1999). North American economic system based on the economy and production shifted to a service and knowledge-based systems. This situation arose because of increasing dissatisfaction with traditional performance measurement systems and their potential, thus, it was necessary to provide important information about the performance of upper-level managers.

Growing dissatisfaction with traditional performance measurement tools, their ability to provide relevant information to different levels of forcing managers to look for new systems involve non-financial indicators. In 1992, Kaplan and Norton introduced a system called the Balanced

Scorecard System (Balanced Scorecard, BSC) , it is also called a balanced assessment indicator system (lever). The system integrates traditional financial metrics to certain non-financial measurement tools. This model has been extended to business organizations and educational institutions, such as California State University and the government (Nayeri *et al*., 2008). During more than 15 years, simple system of performance measurement tools has evolved into a strategic management system (Tamošiūnas, 2010).

Strategy implementation and management of strategic resources optimal allocation is a complex task. To say that the organization is moving toward strategic goals and how quickly it does so, it is possible only by measuring its activity. Increasing competition and accelerating change, organizations must see multi-managers of the organization's business image. The balanced scorecard allows monitoring the activities of four different perspectives (Kaplan and Norton, 1996), which at the same time answer the four key questions of the organization. The financial perspective objectives indicate what needs to be done to meet the needs of investors and define the position of investor's organization.

The indicators of financial prospects include:

- Turnover;
- Profit;
- Product groups overcharge;
- Profitability per employee;
- New products gain;
- Dividends;
- Assessment of creditworthiness;
- Debt to capital ratio;
- Return on equity;
- Return on capital employed;
- Return on investment.

Customer perspective objectives indicate what the organization needs to make sure that customers are satisfied with the firm's activities. In a competitive environment, disregarding this perspective brings an end to the company.

Customer perspective indicators include:

- The number of clients;
- The number of new customers;

- Market share;
- Customer satisfaction;
- The number of customer complaints;
- The number of regular customers;
- Loss of customers;
- The average turnover per client;
- The average customer profitability of the group;
- Contacting efficiency;
- The average cost of customer service.

Process objectives specify what to do in that the company's processes would be effective, meet customer and shareholder's expectations. For this purpose, continuous process execution and monitoring of quality checking processes and the structure of efficiency shall be carried out.

Process indicators are:

- The percentage of spoilage;
- Costs of repairing defects;
- Average response time to customer inquiries;
- Inventory turnover;
- Food scarcity;
- The average cost of operations;
- Process improvement applications;
- Warranty repairs counts;
- Idle time;
- Planning accuracy;
- New product introduction time.

Personnel (company's potential) perspective aims to specify what needs to be done in order to have a well-designed and motivated workforce, which ensures organizations the ability to quickly change, grow and what is the company's IT potential. The ability to maintain the required level of staff training and the right IT potential enables the company to survive and develop its activities.

Indicators of personnel perspective include:

- Staff turnover;
- Average investment per worker training;
- The number of hours of training;
- Employee's satisfaction;

- Motivation index;
- Documentation and company's knowledge management efficiency rating;
- Employee performance problems;
- Co-operation between departments;
- The internal regulations of the number of violations.

Financial and customer perspectives reflect the already achieved performance, so it can be said that these two approaches reflect the company's history, the internal processes of the company's current performance and reflect the present, and the improvement and development associated with the prospect of capabilities and potential, and thus, reflects the organization's future. Using the balanced scorecard, the organization sees its strategy from three different perspectives of time: past, present and future.

Although the idea of the balanced scorecard system arose from the need for performance measurement, subsequent studies (Kaplan and Norton, 1996, 2004) extended this approach to the field of the system, which has been viewed as a strategic management, and not only as an instrument, which renders the organization's strategic plan's nerve center. A balanced scorecard is a core, which is based on four very important management processes (Kaplan and Norton, 1996):

- Revision of the strategy and its "conversion" of a concrete action program;
- Strategic objectives, linking the measurement and communication of all levels of organization's employees;
- Specific to the objectives and values for their initiatives to achieve the harmonization of different levels of the organization;
- Strategies for strengthening the implementation of the feedback.

Through the organization of the balanced scorecard system, objectives, indicators to measure and evaluate results, which aim to provide initiatives and action or program, must be provided. Figure 3 shows the balanced scorecard framework for the development of logic (Sudnickas, 2005), in which the customer needs are a critical factor, since it depends on how the company responds to market opportunities and challenges. Mission, vision and values of the company due to organizational culture lead to strategic objectives, which define the desired activities. These include a number of blocks that can be presented and evaluated in terms of performance indicators, identifying specific values pursued. In turn, indicators are associated with the initiatives taken in order to attain specific indicators. The initiative is a resource and budget allocation and coordination of ground. It eventually turns into an action of a specific program.

Performance measurement is a critical success factor in making the organization's strategy for specific action program. This explains a great balanced scorecard system, adapting it to the strategic management of the organization and the growth in popularity.

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Ignas Dzemyda

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